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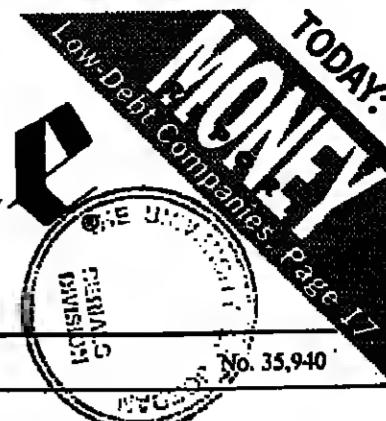
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Tape of Clinton Will Be Made Public Monday

After Highly Charged Debate, House Panel Votes to Release 2,800 Pages of Documentation

By Brian Knowlton
International Herald Tribune

WASHINGTON — A congressional committee voted Friday to release a dramatic videotape of President Bill Clinton's grand-jury testimony in the Monica Lewinsky case, along with 2,800 pages of written documentation. The vote, in closed session, followed a highly charged and partisan debate.

The documentation, including the tape, will be released Monday morning.

Members of the House Judiciary Committee said there would be 120 deletions from the printed documents, some to protect people not directly involved in the scandal, some to protect the identities of Secret Service agents and a few to remove some passages deemed highly objectionable for their sexual content.

The four-hour videotape — which Mr. Clinton's personal attorney now says should have been destroyed by the independent counsel's office — was expected to be released virtually undictated. (Page 3)

The White House and congressional Democrats sharply protested the wholesale release, which followed several votes on the Judiciary Committee along strict party lines.

"Some Republicans want to rush the release of salacious materials, defying the finest traditions of the House of Representatives," said Barry Toiv, a White House spokesman. The process by which the House panel decided on the release, he said, "does not meet the fundamental standard of fairness and bipartisanship."

The new material could constitute a serious new blow to the president, and a further affront to the dignity of the presidency, coming just a week after the release of the report from Kenneth Starr, in which the independent counsel laid out 11 possible grounds for impeachment. They include perjury, obstruction of justice, witness tampering and abuse of power.

The videotape, filmed Aug. 17 in the White House Map Room, is said to portray several angry outbursts by Mr. Clinton, and moments in which he appeared evasive or insisted on fine legal distinctions. One member of the House said Thursday that some of the detail "makes me sick to my stomach."

Both the tapes and the printed documents were said to contain salacious new details about the sexual rela-

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Many Nations Fear Scandal Distracts U.S.

Washington Post Service

A huge air force jet dispatched by the White House to carry official observers to last weekend's Bosnian elections arrived in Sarajevo with scores of empty seats. Every member of a planned congressional delegation had withdrawn from the trip at the last minute.

The reason, the members of Congress explained, was their need to stay in Washington and monitor the unfolding crisis over the Starr report to the House of Representatives on possible impeachment offenses by President Bill Clinton.

Although a small coterie of senior Clinton administration officials spent several days in Bosnia, the absence of any lawmakers left some local officials shaking their heads over Washington's preoccupation with the fallout from Mr. Clinton's relationship with Monica Lewinsky.

The Clinton-Lewinsky affair has received considerable attention overseas, and as the president's political troubles deepen, many countries are growing increasingly concerned about their potential impact on U.S. foreign policy. This article provides excerpts of reports by Washington Post correspondents who examined the effect the Lewinsky affair is having in five regions that are looking to the United States for leadership.

SARAJEVO — Without sustained U.S. attention and leadership over the next six months, officials in the Balkan region say, the crises in Kosovo, Albania and Bosnia could spill over borders and plunge the area into further violence, forcing a more costly U.S. intervention later.

A senior Western policymaker in Bosnia said the worry was that the Clinton administration would not be able to focus on us any more."

With Washington preoccupied, this policymaker said, "it will be harder to get consensus" among the many countries with competing policies and agendas in the region, including Russia, France and

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It's Belt-Tightening Time in Tokyo



Prime Minister Obuchi says it "wouldn't do for Japan to be the source of a global meltdown."

By Warren Hoge
New York Times Service

STOCKHOLM — In a new work by David Hare that has just opened in London, a resident of Jerusalem is explaining the intensity of living there, and he invokes an image that ends up all places here. "We experience events and emotions in a single day," the character says, "that would keep a Swede going for a year."

True to the British playwright's prescription, Sweden this weekend is staging its quadrennial political fete, a national election campaign, and the exercise is as uneven and unmotivated as it is barely detectable.

On Sunday, Swedes will vote to choose the 349 members of their Parliament and a multitude of municipal officials.

The results will determine whether the Social Democratic prime minister, Goran Persson, re-

mains in office or if Carl Bildt of the Moderate Party, the one-time chief foreign peace envoy to Bosnia, succeeds in returning to the prime minister's post that he occupied from 1991 to 1994.

More than 85 percent of the 6.7 million registered voters are expected to cast ballots, and that is not the only evidence that Swedes take their elections seriously.

Swedish politics have their focus more on bread-and-butter issues of domestic security and stability than on exotic foreign concerns or the personal appeal of the candidates, and the campaigns follow this purposeful pattern. Since the administrations that emerge are generally cooperative groupings of parties, the campaign competition between them is respectful, aimed at leaving few wounds.

The billboards and posters that festoon buildings and light poles in other democratic societies during voting seasons are limited here to tasteful size and

presentation and permitted only in public spaces. You can travel blocks through Stockholm and its suburbs without sighting a single slogan.

Rallies conducted by the leaders of the eight parties are orderly and unobtrusive, with some crowds as sparse as 10 to 15 people. There are no surprises on the stump. The party presentations across the country are controlled from headquarters, and candidates resolutely stay on message.

There has been only one scandal, Gudrun Schyman, the candidate of the formerly Communist Left Party and an ardent opponent of illegal jobs and exploitation of women workers, was found this week to have paid a 16-year-old girl to clean her house without declaring it.

Ethical standards in Swedish public life are exacting. Mona Sahlin, a former deputy prime minister, had to abandon her campaign for the top

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For Swedes, a Sober, Low-Volume Election

By Thomas Fuller
International Herald Tribune

FROM MALAYSIA AND GERMANY, TALES OF 2 CHANGING CITIES

Kuala Lumpur Grows Up (and Up)

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Amid political dogfights and the chaos of economic crisis, something in Malaysia has slipped by virtually unnoticed: This city, once a small, nondescript capital, has come of age.

As global markets shuddered and currencies plunged, Kuala Lumpur started up a symphony orchestra, inaugurated a concert hall as well as Southeast Asia's largest airport, and opened stadiums, art galleries, a mass-transit system, a 50-acre park in the middle of the city and a raft of skyscrapers — notably the world's tallest buildings, the Petronas Towers — all within the last three months.

"We drive through this city and we don't know where we are going," said Eddie, 47, a Kuala Lumpur resident who spent an evening at the new park recently, gazing at the towers as his children played nearby. "Everything has changed so fast."

More than a year after the economic crisis hit, many Malaysians say that turmoil has remained largely in the headlines, such as those earlier this month about Prime Minister Mahathir bin Mohamad's banning of the use of Malaysia's currency outside the country and the dismissal of his deputy and anointed successor, Anwar Ibrahim.

"I was asked the other day, 'Why did you build

Their lives are much more likely to be touched by one particular fact of the crisis: Before foreign investors stamped out of Asia last year, the concrete had already been poured for projects that have changed the face of Kuala Lumpur.

A city that three decades ago looked like a large botanical garden dotted with a few colonial-era buildings now has a distinct skyline. And a city once known only for its underground night life now has neighborhoods filled with bars and restaurants, places that despite the crisis are still hives of activity.

Cities across Southeast Asia mushroomed during the boom years as investors piled into what they saw as new and promising markets.

The difference, perhaps, is where the money went.

Some cities, like Kuala Lumpur and Singapore, built mass-transit systems and parks. Others, like Bangkok and Jakarta, seemed simply to expand horizontally.

At the center of the new Kuala Lumpur are the 451.9-meter (1,483-foot) Petronas Towers, which Mr. Mahathir has said he built to put this town on the world map.

"I was asked the other day, 'Why did you build

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With highest profile, it's nondescript no more.

Frankfurt's New Accent

Banking Center Is Transformed Ethnically

By William Drozdiak
Washington Post Service

FRANKFURT — Ever since Emperor Frederick II bestowed special protection in the 13th century on all foreign merchants who ventured here with their wares, this ancient trading crossroads on the Main River has attracted people the world over with its allure of prosperity.

In the second half of this century, the guest workers who came from Turkey, Greece and Italy to help rebuild Germany from the ruins of World War II have been joined since the fall of the Berlin Wall nine years ago by tens of thousands of Poles, Iranians, Yugoslavs and Russians. The number of foreigners — meaning people of non-German ancestry — has soared to the point where they now make up about 30 percent of Frankfurt's population of 652,000, according to the latest figures.

The ethnic transformation of this affluent banking center — it is now home to the European Central Bank, whose task will be to govern the single currency, the euro — vividly demonstrates the changing human face of Germany as the nation's blue-eyed and blond Teutonic stereotype undergoes a "rainbow revolution."

"Whether you like it or not, Germany is already a very ethnically diverse society and is getting more so by

the day," said Jutta Ebeling, Frankfurt's superintendent for multicultural affairs, in an interview.

But not everybody is pleased by the trend. A growing number of Germans say they fear immigrants have become a menace to their nation's identity. A recent survey by the Forsa polling institute showed that 52 percent of German voters think there are too many foreigners and that 10 percent would consider voting for an extreme-right party with a xenophobic platform.

The message has not been lost on Chancellor Helmut Kohl and his Social Democratic challenger, Gerhard Schroeder, as they scramble for votes in the national election Sept. 27. Saying that Germany's borders have become too porous, both candidates have escalated their promises to crack down on would-be immigrants and deport all foreigners who commit crimes.

At campaign rallies, especially in the East where hatred of foreigners is most evident, Mr. Kohl hammers away that "Germany must not become a land of immigrants" and must remain rooted in its traditions as "a bastion of Christian civilization."

In turn, Mr. Schroeder evokes his American-born stepdaughters and says he would not be averse to letting foreigners living in Germany hold two passports. But the day is approaching



The skyline of Frankfurt, ancient trading crossroads on the Main River.

Kohl Gains on Schroeder in Election Poll

Reuters

BONN — Germany's opposition Social Democrats saw their lead over Chancellor Helmut Kohl narrow to just two points in an opinion poll made public on Friday, nine days before the country's general election.

The Politbarometer poll conducted by the Electoral Research Group put the Social Democrats at 39.5 percent, 1.5 points lower than a week ago, while Mr. Kohl's conservatives gained 0.5 points to 37.5 percentage points.

It was the first time the Social Democrats, whose lead has recently been as wide as 10 points, have seen their rating fall under 40 percent since they named Gerhard Schroeder as their candidate in March.

The ecologist Greens, seeking a place in government as junior partner to the Social Democratic Party, remained at 6 percent.

If those results were repeated in the Sept. 27 vote, the Social Democrats and Greens would only secure a parliamentary majority if the reform communist Party of Democratic Socialism failed to get into Parliament, the pollsters said. That party scored 4.5 percent in the poll, below the 5 percent threshold that is needed to enter Parliament.

Mr. Kohl also gained in terms of personal popularity as his rating rose from 36 percent to 39 percent, while Mr. Schroeder's rating fell from 57 percent to 50 percent.

AGENDA

EU May Review Nigeria Sanctions

BRUSSELS (Reuters) — The European Union said Friday it was ready to review its sanctions against Nigeria in response to steps taken by the government in Ahuja has taken to restore civilian rule.

A statement issued by the EU president, Austria, welcomed steps toward democratization. The sanctions, including an arms embargo and visa ban on the Nigerian leaders, were imposed in 1995 over the execution of the author Ken Saro-Wiwa and eight other activists.

New Nerve Gas Tests Counter U.S. Results

Swiss and French tests for a poison gas on Iraqi missile warheads appear to have reached results contrary to those of American tests that showed the presence of VX, a deadly nerve agent, according to diplomats. Page 5.

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An Agitated Iran Buries Its Dead, but Mediation May Cool War Passions

By Douglas Jehl
New York Times Service

TEHRAN — To shouts of "Death to Taliban!" and to the wail of a Shiite dirge, tens of thousands of people thronged the streets of Tehran in protest Friday as the bodies of six slain Iranian diplomats were borne toward martyrs' graves.

The demonstration was the largest and angriest since the killing of diplomats ignited a crisis between Iran and Afghanistan, a militant Taliban movement, and it was mirrored on a smaller scale in other rallies held around the country.

One of Iran's most senior clerics declared the country "ready for holy war" against the Taliban, followers of a rival Muslim faith.

But even as ordinary Iranians shouted similar slogans as they marched along crowded streets, there were signs that international mediation might help to cool the passions.

In response to an Iranian request for intervention, Pakistan's foreign minister, Sartaj Aziz, announced Thursday that the Taliban movement would soon free some of the Iranian prisoners whose return has been demanded by Tehran as a condition for averting possible military conflict.

At the same time, Iranian officials said that President Mohammed Khatami would press hard for a more active UN role in resolving the dispute when he visits New York next week to address the General Assembly.

Still, Iran has continued to add to a buildup of military forces along the

Afghan border, where it has said that more than 250,000 soldiers will be in place by Saturday to take part in a new round of threatening military exercises.

Such a force would represent fully half of the Iran's known troop strength. Western diplomats have suggested that its size is almost certainly being exaggerated, and journalists have been denied permission to travel anywhere near the Iran-Afghan border.

But the exercises, to include troops backed by tanks, aircraft and artillery, are nevertheless expected to serve as a major projection of military muscle that would underscore the anti-Taliban fervor on display in the demonstrations Friday.

The Taliban leader, Mullah Mohammad Omar, issued a statement in Afghanistan saying that the problems

between the two countries "will not be solved under military pressure."

But Taliban commanders have responded to the Iranian buildup with a military buildup of their own, and they have vowed to retaliate against targets inside Iran if Iranian forces launch any kind of cross-border raids.

Iran has vowed to avenge the deaths of at least eight diplomats and a journalist who were killed last month when Taliban forces overran an Iranian consulate in the northern Afghan town of Mazar-i-Sharif.

It has also said that military intervention may be necessary to halt what it has portrayed as the slaughter of fellow Shiite Muslims at the hands of the Taliban, purist followers of Islam's dominant Sunni faith.

Iranian officials have insisted that

they have little appetite for conflict, and Western diplomats and Iranian experts say it is unlikely that Iran, with its bitter memories of the 1980-88 war with Iraq, might launch a major invasion of Afghanistan that would risk prolonged military conflict.

But unless others can persuade the Taliban to meet a long list of Iranian demands, Western diplomats say they believe it remains possible that Iran might carry out some kind of limited military attack.

With measures including the funeral procession that began after Friday prayers, Iran has also clearly tried to keep emotions at high pitch.

In the chaotic scene that followed the Friday prayers, the "Iranians" coffins were paraded through streets in which the jostling was so severe that the coffins

on several occasions were almost tipped to the ground.

The coffins were later loaded into ambulances for the rest of the journey to a special cemetery outside Tehran already filled with the bodies of scores of thousands of Iranians killed in the war with Iraq.

On the street, anti-Taliban emotions ran so high that many Iranians who said relatives had been killed in Iran's last war said they believed the killings committed in Afghanistan could well justify another conflict.

"I'll do anything for Islam, and what the Taliban is doing is against Islam," said Shirine Saadpour, a 35-year-old government employee, who like most women taking part in the demonstration wore a shapeless black chador. "They are criminals."



Supporters and critics waving conflicting signs outside a Boston dinner that the president attended.

Gingrich Calls All the Shots In Deciding Clinton Case

By David E. Rosenbaum
New York Times Service

WASHINGTON — At a news conference on education legislation, the first question put to Speaker Newt Gingrich involved the White House scandal.

Mr. Gingrich snapped at the questioner, "We in the Congress are actually focusing on substance," he asserted. "Yesterday, I spent less than 45 minutes total on the topic that interests you most."

That is the pose the House speaker has tried to assume all week: the impartial observer waiting for his lawyers on the Judiciary Committee to sort out the facts and set the policy on how to deal with President Bill Clinton's transgressions, while he deals with the people's business.

But behind the scenes, according to other Republican lawmakers, not a step is taken or a decision made without the approval of Mr. Gingrich, possibly the most partisan and certainly the most dominant speaker in the last generation.

"Look, the speaker is the speaker," said the chairman of an important committee who insisted on anonymity. "He calls all the shots. If tapes are going to be released, it's his decision. If hearings are going to be held, he will decide. He consults with us. He listens to us. But he makes the calls."

At a closed meeting of House Republicans on Wednesday, Representative Nancy Johnson of Connecticut expressed concern about the release of sexually explicit portions of the videotape of the president's grand jury testimony.

Mr. Gingrich — angry, according to some who were there or merely firm, according to others — rose to his feet and declared that the House had already voted to make the material public and that Republicans were not going to back down in the face of complaints from the White House and Democrats in Congress. Mr. Gingrich called the president a "misogynist," a person who hates women.

At the same meeting, Representative Gerald Solomon of New York, the chairman of the Rules Committee, reiterated a point that Mr. Gingrich made in a speech last week by tenaciously his colleagues that the rules of the House did not permit language in floor debates that ridiculed or otherwise abused the president.

When Mr. Gingrich walked out of the meeting and into a gaggle of reporters and cameras, he made a conspicuous show of talking about other issues — trade and the economy — and even praised Mr. Clinton's efforts to renew world economic growth.

When reporters persisted in asking questions about impeachment and videotaped testimony, Representative John Boehner of Ohio pushed the speaker into the microphone so that staff members could usher him away.

It is very important to that Newt is low," said a Republican congressman from the Southeast. This congressman explained that Mr. Gingrich often came across to the public as strident and even mean and that if he allowed himself to stand at the forefront of the Clinton inquiry, the president and his allies would benefit by making him a lightning rod for their criticism of Congress.

Mr. Gingrich is under conflicting pressure. The firebrands among House Republicans want to go after Mr. Clinton with all the artillery in the House's arsenal. But Mr. Gingrich's political advisers are telling him, according to a former staff assistant, that if he has any ambition to become president himself, this is his opportunity to dispel his reputation as a hothead and adopt the mien of a statesman.

One Republican congressman suggested half seriously that the most advantageous step Mr. Gingrich could take would be to save Mr. Clinton's presidency. "It might not be best for the country," the congressman said, "but they would have a cripple as president going into the next election, and Newt would go down as a profile in courage."

With all that in mind, Mr. Gingrich tended carefully this week to the ceremonial and legislative aspects of his job. He spoke at a conference on missile defense, received a Hispanic Heritage Leadership Award and another award from the Community Antidrug Coalition, met with chief executives of some of America's largest companies, attended news conferences on education, agriculture policy and prayer in schools, appeared on the steps of the Capitol with representatives of Habitat for Humanity and taped an interview for a cable television documentary on the 100 people who have the most influence on American society.

CLINTON: House Panel Votes to Release Videotape of President's Testimony and 2,800 Pages of Evidence

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tionship of Mr. Clinton and Monica Lewinsky, which some Judiciary Committee members said were even more explicit than the information released earlier.

The release of the materials, compiled as part of Mr. Starr's eight-month grand jury inquiry into Mr. Clinton's involvement with Ms. Lewinsky, defies the traditional notion of grand-jury secrecy, though it falls within the broad authority of the House to do so.

"There simply is no direct historical precedent" for the release of the tape, said A. E. Dick Howard, a constitutional law expert at the University of Virginia. "We're plowing new ground."

Republican candidates all over the country are just drowning at the thought of getting this tape into their political ads," said Representative Marty Meekan, Democrat of Massachusetts. "It's an improper use of grand jury testimony."

Meanwhile, the Clinton administration sought to

allay the mounting concerns in many foreign capitals that the crisis would undercut Mr. Clinton's ability to lead on the national and global stage. His national security adviser, Samuel Berger, bluntly warned hostile foreign governments and groups not to seek advantage from Mr. Clinton's problems.

"It would be a grave mistake for any foreign leader or any group to believe that if United States' interests are threatened, the United States would not respond in a firm and united way," he said.

The Judiciary Committee vote Friday followed a day and a half of rancorous debate and a series of votes that Democrats, unlike Republicans, characterized as highly partisan.

"We've dumped process and fairness on its head," said Representative John Conyers of Michigan, the ranking Democratic member of the Committee. "We got rolled."

The Republican chairman of the panel, Representative Henry Hyde of Illinois, took exception to Mr. Conyers's comment. "We accomplished a lot," he said. "We had vigorous, spirited debate,

but it was civil. I would say the spirit of bipartisanship is alive and flourishing."

To that, Representative Barney Frank of Massachusetts, a Democratic member, replied, "It was very civil and very partisan." The release, he said, is "basically an effort to discredit the president."

Representative Bill McCollum of Florida, a Republican member of the committee, said that the explicit material had to be included because it would cast light on Mr. Clinton's insistence that he had told the truth "in certain instances where the independent counsel, Kenneth Starr, said he did not."

Republicans said it was necessary to release the four-hour tape to allow Americans to form their own opinion about whether Mr. Clinton told the truth, as he has asserted that he did.

"Whatever decision we make should be supported by the public," said Representative Asa Hutchinson, Republican of Arkansas.

But Mr. Conyers and others complained that Republicans, by in effect asking the public to serve

as a jury, were abdicating the serious constitutional responsibilities to weigh evidence that could justify impeachment hearings.

Rep. Barney Frank of Massachusetts, a Democratic member, replied, "It was no reason to release the most sexually detailed material except to marshal public anger against Mr. Clinton."

"It is seriously explicit, it is offensive, it is obscene," Mr. Coopers said, "and it does not build up any kind of case one way or the other."

Several television networks were preparing to air extensive excerpts of the videotape. CNN, MSNBC, and the Fox News Channel said they would run the tape as soon as they got it. Each of the cable networks will run printed warnings on the screen and voice warnings that the tape may include material not suitable for children. The tape also will be available on the Internet, but it is not yet clear where the printed documents will appear there.

Democrats said by rushing explosive materials before the public before the White House had a chance to review it, the Republican majority hoped for a powerful public reaction in favor of impeachment.

TOPIC A: The World Watches the Scandal

Continued from Page 1

Italy as well as the United States.

Anxiety about Washington's domestic preoccupations is evident here in repeated statements by officials on all sides of the Bosnian conflict that the administration may have to work much harder in coming months at persuading Congress that the U.S. military presence will have to be maintained for years to come.

— R. Jeffrey Smith

TOKYO — For a moment in Japan and South Korea fear that a politically weakened President Clinton will be a less valuable ally on important economic and security issues, especially in dealing with North Korea.

Despite these concerns, Mr. Clinton's standing in the two countries has not changed significantly because of the Lewinsky scandal. In both countries, Mr. Clinton is generally liked and respected, and his personal problems have received relatively muted media coverage, much of which has hinted at the widely held Asian perspective that Mr. Clinton's personal life should not be so closely linked with his professional duties.

The most immediate concern of most Japanese officials is that Mr. Clinton's visit will overshadow Prime Minister Keizo Obuchi's trip to New York. He is scheduled to meet Mr. Clinton on Tuesday. — Kevin Sullivan

JERUSALEM — In the Middle East, there is a perception — not universally shared — that President Clinton's distractions have crippled U.S. foreign policy.

Some Israelis, and many Palestinians, believe the scandal has kept the administration from exercising its considerable influence to extract concessions from Israel to break the 18-month deadlock in the peace process.

Such thinking has persisted despite suggestions in recent days that the U.S.

is facing a looming debt crisis that, if ignored, could affect all the major Western powers.

Russian analysts fear that it will be difficult for a preoccupied and weakened president to muster support for Russia.

— David Hoffman

Spain to Continue Crackdown on ETA

Reuters

MADRID — ETA, the Basque guerrilla group, called a halt to three decades of violence with a unilateral cease-fire that began Friday, but the Spanish government vowed to continue to crack down on the group.

ETA's general cease-fire, modeled on the Irish Republican Army's truce in Northern Ireland, took effect just after midnight, marking what state radio called a "historic moment" for Spain.

But Interior Minister Jaime Mayor Oreja made clear that the government had no intention of scaling back police efforts to track down ETA members. "It is clear that the government cannot declare a truce with a terrorist organization," Mr. Mayor Oreja said on Antena 3 television.

He said authorities were concerned that ETA might use the cease-fire to regroup its forces.

— John Ward Anderson

MOSCOW — For Russia, a weakened American presidency comes at a painful and risky moment.

President Clinton had little to offer in terms of concrete assistance on his recent visit here, but the situation is changing rapidly, and Mr. Clinton may soon find Russia's economic woes again demanding his attention.

Russia is facing a looming debt crisis that, if ignored, could affect all the major Western powers.

Russian analysts fear that it will be difficult for a preoccupied and weakened president to muster support for Russia.

— David Hoffman

such tall towers." Mr. Mahathir said this summer. "You see, when you are short, you take a soap box and you stand on it in order to reach over the heads of people.

Mr. Mahathir made sure the Petronas Towers were constructed quickly by choosing two contractors for the project. A South Korean company had charge of one tower and a Japanese company the other. National pride was at stake.

Khoo Kay Kim, a history professor at the University of Malaya, said he saw proof, during a visit to New York, of how raising the city's profile.

"I jumped onto tour buses on several

FRANKFURT: Changing Ethnic Picture

Continued from Page 1

when some doors must be closed, Mr. Schroeder insists, because "we can no longer bear the burden of hosting a much greater share of immigrants than other European countries."

With more than 7 million foreigners now living in Germany, immigration has become such a volatile issue that some experts say it should transcend politics.

"It's a dangerous game to bring foreigners into an election campaign," said Cornelius Schmalz-Jacobson, federal commissioner for foreigner affairs. "The issue is far too serious to be treated as a superficial tactic to win votes."

Germany is the only major Western nation that bases citizenship on bloodlines, dating to a 1913 imperial decree.

With second and third generations of immigrant families still feeling alienated

because they have not been able to become German citizens, the risk of a social explosion is growing. Perhaps no other German city has done more to accom-

modate its immigrant population than Frankfurt, where a history of banking and commerce has made the city and its population more open to the outside world.

Besides having the country's only department for multicultural affairs, Frankfurt boasts 9 foreigners among its 93 city council members — a result of a European Union decree allowing foreigners to run in local elections.

What worries many experts is the persistent difficulty of integrating successive generations of foreigners, especially Germany's 2 million Turks, who feel alienated from the local culture where they were born and raised yet also have no affinity for their parents' homeland.

"Even if born and raised here, even if you study and speak German, you are always considered a foreigner," said Manuel Parrondo, 38, a computer systems analyst who is president of the city's foreigner advisory board. He was born in Spain and came to Germany when he was 2 years old, yet still has not acquired a passport.

"Germans think foreigners are milking their welfare system but this is a myth," he said. "We are active professionals — nurses, doctors, bankers and lawyers — not jobless people looking for a handout."

Many economists argue that developing a sound immigration policy will be one of the most important tasks of the next government. Within 20 years, there will be two workers for every retiree in Germany. Unless immigrants fill the generational void caused by the low German birth rate, the country's vaunted social market economy with its generous welfare provisions could crumble.

But the rising tide of xenophobic incidents since Germany was reunified in 1990 is not just limited to the eastern part of the country. In Frankfurt's most recent city elections, 12 percent cast ballots for far-right parties that call for the expulsion of foreigners.

Italy's Dubbers Silent No More

Mideast Envoy Sees Progress Despite New West Bank Clash

Agence France-Presse

EL BIREH, West Bank — Israeli soldiers wounded nearly 100 Palestinians on Friday, but the U.S. Middle East envoy, Dennis Ross, maintained that he was making headway in his attempts to broker an agreement between the two sides.

Clashes erupted outside the Jewish settlement of Psagot, near El Bireh, as a march of more than 2,000 supporters of Hamas, the militant Islamic resistance movement, reached an end.

Israeli soldiers fired stun grenades, rubber-coated bullets and, according to the Palestinians, live ammunition when

dozens of youths started throwing stones and Molotov cocktails at the settlement of Psagot.

A total of 96 Palestinians were injured, according to Shabir Abdallah, the head of emergency services in El Bireh.

Mr. Abdallah described the condition of three of those hospitalized as "critical," saying two had been hit in the head by rubber-coated bullets and a third in the stomach by a live round.

A spokesman for the Israeli Army denied that soldiers had fired live ammunition.

The Hamas demonstration was or-

ganized to call for the return of the bodies of two of the group's leaders who were killed by Israeli commandos last week in a raid on their hideout near Hebron.

"Revenge, revenge!" the demonstrators shouted after they emerged from Friday prayers. The two men, brothers Imad and Adel Awadallah, were originally from El Bireh.

The clashes erupted as Mr. Ross, on the ninth day of his trip to the region, was meeting the Palestinian leader Yasser Arafat in Gaza.

The U.S. envoy insisted that he was still making progress in his efforts to

broker a compromise between Israel and the Palestinians, though he declined to give details.

"It was a good discussion. We are making headway," Mr. Ross said.

Mr. Ross had delayed his departure from Israel and the Palestinian territories by a day, until Saturday, for what a U.S. Embassy spokesman called "further technical discussions."

Mr. Ross confirmed that he was working on separate meetings of U.S. Secretary of State Madeleine Albright with Mr. Arafat and with the Israeli prime minister, Benjamin Netanyahu, when they visit New York next week.

■ Albright Says She's Hopeful

Earlier, Barton Gellman of the Washington Post reported from Washington:

Mrs. Albright showed a degree of public optimism Thursday, for the first time in four months, that an accord between the stalemated parties might be in sight.

"Let me say that we are very hopeful that we will be able to move toward an agreement," she said.

Diplomats in Washington and in the region said the two sides were very close to agreement on an Israeli withdrawal from 13 percent of the West Bank.

Kurdish Chiefs End Rivalry in Northern Iraq

By Barton Gellman
Washington Post Service

WASHINGTON — Leaders of two funding Kurdish factions have agreed to an American-brokered accord to share power in northern Iraq, where U.S. military aircraft have tried to protect them from the Baghdad government since a failed uprising after the Gulf War.

Massoud Barzani of the Kurdistan Democratic Party and Jalal Talabani of the Patriotic Union of Kurdistan, whose bitter rivalry has broken out repeatedly in heavy fighting, shook hands for the first time since 1994 and agreed on arrangements to share power and economic resources.

Secretary of State Madeleine Albright, who presided over the initialing of the joint statement Thursday, described it as a "new and hopeful chapter."

Mrs. Albright also cited threats to the Iraqi people, including those in the north, among the circumstances that could lead to U.S. military intervention.

With the encouragement of the administration of President George Bush in 1991, Iraq's northern Kurds and southern Shiites, both aggrieved minorities in the Sunni majority state, engaged in an armed rebellion after Iraqi forces were expelled from Kuwait in the Gulf War. President Saddam Hussein crushed the uprisings.

The United States responded in the north with air patrols — which are still going on — and other restrictions that essentially banned Iraqi troops from the Kurdish zones. The result was a quasi-sovereign entity of 2 million Kurds effectively out of Baghdad's reach.

But in the shifting alliances long endemic in Kurdish politics, Mr. Barzani struck a deal with Mr. Saddam in August,



Massoud Barzani of the Kurdistan Democratic Party, left, and Jalal Talabani of the Patriotic Union of Kurdistan, signaling an end to rivalry.

1996, invading his rival Mr. Talabani's stronghold of Arbil with support from Iraqi forces. The result was the collapse of a CIA operation to undermine the Baghdad government and an important setback to U.S. policy in Iraq.

In an effort to end the military rivalry, Mrs. Albright authorized a senior diplomat, C. David Welch, to go to northern Iraq to negotiate the agreement.

A senior State Department official said

Thursday night that the Kurdish leaders would not work directly to overthrow Mr. Saddam but that peace between them was essential to reach that objective.

"The encirclement of Iraq has a number of aspects," the official said. "One of them is that there's a significant chunk of Iraq not controlled by Saddam."

"As long as that area is out of his control, that's good," the official said.

"That diminishes him."

The tests in Switzerland and France were done after the Aberdeen reports were made public and Iraq demanded further analysis outside the United States.

Other warhead fragments were stored in Iraq by the inspectors, and there is a question whether the Iraqis might have had access to them before commission officials returned to collect samples for the second round of tests in Europe.

By that time, the Iraqi government knew the Americans had said they had found VX.

The second round of tests were done from swabs taken from the stored fragments. The fragments themselves were not moved from Iraq.

Whether or not Iraq had armed weapons with an extremely dangerous nerve gas is one of the problems central to discussions about Baghdad's compliance with UN demands that it turn over not only material but also documentation on its arms programs so that all prohibited weapons can be accounted for.

All biological, chemical and nuclear weapons as well as certain prohibited missile systems — and the means to produce them — must be destroyed before sanctions imposed on Iraq in 1990 can be lifted.

Nerve Gas Tests Disputed

New Exams of Iraqi Warheads Contradict U.S.

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Swiss and French tests for a poison gas on Iraqi missile warheads appear to have reached results contrary to those of American tests that showed the presence of VX, a deadly nerve agent, according to diplomats.

If the preliminary findings are confirmed, perhaps as early as next week, Iraq is expected to argue that the U.S. tests were rigged to obtain damaging evidence. In June, U.S. experts at a military testing center in Aberdeen, Maryland, said they had found traces of the banned poison gas.

Iraqi officials have told UN weapons inspectors that if there was VX on the missile fragments tested in the United States, the Iraqis did not put it there. Iraq has admitted to loading Sarin nerve gas on weapons, but not VX.

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China Will Station Troops in Macau

■

Earlier, Barton Gellman of the Washington Post reported from Washington:

MACAU — China will station troops in Macao when it takes over the Portuguese enclave next year, and it has offered to help battle organized crime, Vice Premier Qian Qichen said Friday.

Mr. Qian said the stationing of People's Liberation Army soldiers in Macao would be a "symbol that China resumed the exercise of sovereignty" over the territory. Mr. Qian did not specify the number of troops to be stationed in Macao. His announcement follows a wave of bombings, arson attacks and other crimes in Macao, which reverts to Chinese rule at midnight on Dec. 19, 1999. (Reuters)

Philippine Flood Routs Thousands

MANILA — An evacuation of thousands of residents in the northern Philippines was ordered after a dike collapsed Friday night under pressure from flooding caused by a tropical storm, relief officials said.

Parts of four towns in Pampanga Province on the main Philippine island of Luzon were submerged up to chest level in floodwaters from the overflowing Ponc-Gumain river.

More rain was expected over Luzon, including Manila, from the storm, designated Vicki. (Reuters)

Plan for New Party Shelved in Beijing

BELING — Chinese police interrogated three dissidents in separate, three-hour sessions and warned them not to try to set up an opposition political party, one of those interrogated said Friday.

Reo Wanding, prominent in the dissident community, said his detention and questioning had persuaded him to give up plans to register the China Democracy Party's Beijing branch. Police said that "setting up political parties is not permitted," Mr. Reo said. (AP)

For the Record

A volcano on Ecuador's Galapagos islands spewed two rivers of molten lava but posed no immediate threat to giant turtles made famous a century ago by the English naturalist Charles Darwin, park authorities said. (Reuters)



DE L'EXCEPTION LA RÈGLE.

THE EXCEPTION IS THE RULE... SUSTAINING EACH EFFORT UNTIL THAT MOMENT OF PERFECT HARMONY WHICH MARKS THE CULMINATION OF ALL ENDEAVOUR... SEEKING OUT THE EXCEPTIONAL BECAUSE NOTHING LESS WILL DO... ALWAYS SEARCHING, NO STRANGER TO DOUBT... EMBRACING EACH DAY WITH PATIENCE ANEW... FOR TWO HUNDRED YEARS NOW, SUCH HAS BEEN THE DESTINY OF THE HOUSE OF LOUIS ROEDERER.

LOUIS ROEDERER
CHAMPAGNE

Half a century
silent no more

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Rancor in Congress

The nonpartisan, dignified review of the Monica Lewinsky case that was promised by congressional leaders last week has quickly descended into political acrimony and the pursuit of tangential matters. The squabbling does not augur well for the hard work that lies ahead as the House of Representatives considers whether to initiate impeachment proceedings.

The Judiciary Committee argued furiously over whether to make public the videotape of President Clinton's Aug. 17 grand jury testimony, with the Democratic minority trying to block or limit release. The donnybrook was pointless. The public interest requires open access to Mr. Clinton's testimony and other materials related to the core questions of whether the president lied under oath, obstructed justice and tampered with witnesses.

Mr. Clinton himself made the videotape of his grand jury appearance relevant because of his insistence that he did not commit perjury in denying that he had sexual relations with Ms. Lewinsky. His assertion there and in the account he gave in the Paula Jones civil lawsuit is debunked by the evidence presented in Kenneth Starr's report. But since Mr. Clinton has taken a position contrary to the facts now on record, the American people should have the chance to see his testimony in its totality so they can assess his candor.

As the political heat in Washington rises, it is disheartening but not sur-

prising to find the private lives of members of Congress being publicly examined. The House Judiciary Committee chairman, Henry Hyde, became the third Republican in recent weeks to acknowledge an extramarital affair when faced with press reports about a liaison. In the Hyde case, Salon, the Internet journal that disclosed the affair of 30 years ago, demeaned itself by saying publication was justified because "ugly times call for ugly tactics."

The Salon report was not cause to call on the FBI to determine how the journal learned of the affair. But that is what the Republican leadership did Thursday after accusing the White House of planting the story in an effort to intimidate lawmakers.

Though the Clinton team has a record of rummaging through the private lives of opponents hunting for embarrassing information, Salon says the White House had nothing to do with the Hyde story. If Congress wants to look into White House conduct, it has the means to do so on its own. Bringing in the FBI to investigate journalistic sources is a misuse of the agency and a clumsy attack on press freedom.

The prospect of impeachment proceedings should be sobering to both Republicans and Democrats. The American people expect more of their representatives than partisan bickering and chasing after reporters' sources.

—THE NEW YORK TIMES

Marauding in Kosovo

When starvation and exposure begin to claim the lives of thousands of women and children in Kosovo a few weeks from now, no one will be able to claim ignorance as an excuse for inaction. "Massive war crimes have been committed here," John Shattuck, assistant secretary of state for human rights, said during a recent visit to the Serbian province. "They're starving their people," said Julia Taft, also an assistant secretary of state. "The disproportionate use of force by Serbian police and military units," said the United Nations secretary-general, Kofi Annan, has led to "mass displacement of the civilian population." The UN Security Council agreed: "We are facing a humanitarian catastrophe in Kosovo."

Serbian troops led by the Yugoslav president, Slobodan Milosevic, are systematically uprooting Kosovo's ethnic Albanian population. Village by village, houses are burned, livestock slaughtered, crops "destroyed." And people shot or sent fleeing into the mountains. Hundreds of thousands have been forced from their homes. Mr. Milosevic has promised to establish 11 centers for displaced people; his troops

already have shelled three of them. Even those not forced to flee are threatened by a Serb blockade of food and medicine.

This humanitarian disaster cannot be ended without a political solution, and a political solution is impossible without a U.S. resolve to use force, if necessary, against Mr. Milosevic's marauding soldiers. President Bill Clinton and his team have promised again and again to show such resolve, but their threats have proved empty. Instead, Mr. Clinton sends his emissaries, again and again, to plead with the war criminal to stop his crimes. Mr. Milosevic has learned he can defy them at no cost.

What is unfolding is genocide at one remove. "A massacre is not necessarily committed only with knives," a displaced woman said. Analogously, Mr. Milosevic is managing to destabilize moderate governments throughout the region without waging war against them; simply by overwhelming them with refugees, NATO, blustering about its contingency plans, becomes a laughingstock. The longer Mr. Clinton dithers the greater the costs will be.

—THE WASHINGTON POST

Central Banks Must Act

With the world economy growing at the slowest pace in decades — and many countries in recession — only the nations that are growing the fastest are in a good position to help the world economy before the problems engulf us all. But there is a great reluctance to act.

This week there was brave talk of coordinated action among the G-7 countries to stimulate world growth, and it appears that finance ministers in many of those countries are persuaded that action is needed. But the two most important central banks in the world — the Federal Reserve and the Bundesbank — do not appear ready to take coordinated action to reduce interest rates.

That hesitation is understandable considering that each central bank's legal duty is to help its own national economy, and neither Germany nor the United States appears to be in imminent danger of recession — at least based on their own domestic economies.

The greatest problems are in countries whose central banks cannot cut interest rates to stimulate growth, simply because to do so would be to invite the collapse of their own currencies.

Were there a world central bank, there is little doubt that it would be leaping into action in an effort to spur growth. Bridgewater Associates, a Connecticut-based economic consulting firm, reports that world growth is now at a 30-year low, despite the fact that the U.S. economy has grown 3.6 percent over the past year. The figure for the rest of the world was a scant 0.3 percent.

Countries that are doing well are likely to see a flood of cheap imports

from those economies that are in trouble, raising the threat that developed countries will retreat toward protectionism. Already, with the trade deficit growing, the American steel industry is demanding that duties be placed on low-cost steel arriving from Asian and Russian producers who have seen their former Asian markets dry up.

The state of South Dakota, reacting to the complaints of farmers, is trying to hamper the importation of Canadian grain and livestock.

In an atmosphere of low commodity prices around the globe, inflation is not the threat it was even a few years ago.

Fears of inflation should not now prevent interest rate cuts by central banks.

Such moves could help to offset the decline in global economic growth.

—THE NEW YORK TIMES

Other Comment

Defense Budget Crunch

U.S. military leaders have told President Bill Clinton that static defense budgets and the strains of peacekeeping missions abroad have cut deeply into the readiness of the armed services to respond to overseas crises. Congress might want to reconsider its adamant opposition to eventually saving billions of dollars by closing military facilities the Pentagon says are redundant. And many in Congress are eager to begin spending billions in new money for a national anti-missile system for which there seems little strategic justification.

Los Angeles Times

Taking the Road to a Peaceful Asia, Step by Step

By Ezra F. Vogel

SINGAPORE — China, the United States and Japan are fundamentally committed to a peaceful environment, despite domestic constraints and pursuit of national interests. They are ready to cooperate to resolve regional problems and to strengthen regional institutions.

But only by building a strong triangular relationship and cooperating closely can they gain the level of cooperation needed to preserve peace and security in Asia. It is in the interests of other countries in the region to contribute toward this goal.

The proper management of the relationship requires that important developments between two nations on one side of the triangle be balanced by dealing carefully with the other two sides of the triangle.

On major issues, the two sides will

sometimes express the same view against the third. But because of the fragility of the triangle and the lack of mutual confidence, this can be seen as "ganging up." Many mistakes have already occurred.

The United States, in negotiating with Japan the redefinition of their security relationship in 1994 and 1995, did not keep China adequately informed. Neither did Japan. This fueled Beijing's suspicions that the U.S.-Japan Security Treaty was aimed at China, an issue that still haunts the citizens about their findings.

During his visit to China in June, President Bill Clinton failed to mention the U.S. security alliance with Japan and chose not to visit Japan as well. His actions encouraged those in China who hoped to push for improved U.S.-China relations at the expense of U.S.-Japan relations, creating intense worries in Japan that Washington's improved relations with Beijing would be at the expense of its relations with Tokyo.

In 1998, Washington publicly castigated Tokyo for not following concrete American prescriptions on stimulating the economy, and publicly praised China for not devaluing its currency. The pronouncements set off strong nationalistic responses in Japan against the United States.

Tokyo has also been insufficiently sensitive to the impact on Asia of its failure to stimulate the Japanese economy, thereby creating the perception that the United States and China are

cooperating to end the Asian crisis while Japan is not.

China, Japan, and the United States cannot and should not become a bloc. But high-level representatives of the three countries should meet to exchange views on regional and global developments to develop a common base of understanding for cooperation, including issues that are also dealt with by broader regional and global institutions like APEC, the Asia Pacific Economic Cooperation forum, and the United Nations.

The three nations in the triangle should also keep open relations with other countries, especially Russia, South Korea, India, Pakistan, and members of ASEAN, the Association of South East Asian Nations.

Issues that need to be taken up in discussions among the three powers include:

• Coming to terms with World War II: The Chinese remain highly emotional both about Japanese cruelties in World War II and about the Japanese failure to discuss them fully and openly. The Japanese feel they have repeatedly apologized. The countries need to open their historical records to objective scholars from Japan, China, and other nations, then educate their citizens about their findings.

• Building a sound postcrisis regional economic structure: In the short run, the three powers need to work together to avoid a new round of competitive currency devaluations and help in East Asia's reconstruction. Among the issues to be considered are mechanisms for reducing the danger of sudden capital flight; reserve currency baskets for the region that would include the Japanese yen as well as the U.S. dollar; mechanisms for controlling excessive fluctuations in exchange rates; agreements for continued trade and investment liberalization in the region; and the creation of an Asia Fund to respond to emergencies without the moral hazard of rewarding the speculators who lose from market decisions.

• Resolving the Taiwan issue: How can the three powers avoid the dangers of confrontation that occurred in March 1996 near Taiwan and the anxieties created in China the following month with the reaffirmation of the U.S.-Japan Security Treaty? Misunderstandings could lead to conflict.

One of the central questions confronting Japan and Taiwan is whether

Preserving peace on the Korean Peninsula: Long-term peaceful relations on the peninsula require the cooperation of Japan and China. China should take part in the Korean Energy Development Organization, while Japan, as well as China, should take part in the creation of a new peace treaty.

• Accepting the U.S. military role in Asia: The Chinese have enunciated the principle that no nation should station troops in another country. But the presence of U.S. forces in Asia may help Japan to choose not to try to become militarily dominant in Asia. If China wishes to avoid the rise of independent Japanese militarism, it is in its interests for U.S. troops to remain in Japan. Given the dangers of Chinese-Japanese

• Given the fragility of the relationships and the lack of mutual confidence, any two nations have to avoid the appearance of "ganging up" on the third.

rivalry on the Korean Peninsula, it is also in Chinese interests to encourage the United States to retain troops in South Korea to reduce the risks of confrontation. For the Chinese to accept the U.S. military role in East Asia, Beijing will have to develop confidence that American troops will not be used to contain China.

• Extending arms control: Following the recent nuclear explosions by India and Pakistan, agreements about weapons of mass destruction and about conventional arms limitation will require cooperation throughout Asia. If North and South Korea are to reduce their armaments, and if Japan is to remain nonnuclear and committed to only defensive military activities, China will have to become more transparent about its activities and follow Japan's path of not developing a military capable of projecting power beyond the territory it now claims.

The writer is head of Fairbank Center for East Asian Research at Harvard University. This comment was adapted by the International Herald Tribune from the second Goh Keng Swee Lecture on Modern China he gave in Singapore recently.

Clinton and Rubin: A Gap on Economic Turmoil

By Jim Hoagland

WASHINGTON — In early summer as Wall Street surged toward new high ground, a senior U.S. official interrupted a conversation about global economic trends to comment simply on the amazing rise of the stock market: "Whatever else it is, the Lewinsky scandal is not a factor in the U.S. economy. It is not a drag on our policies or performance."

That was then. In recent weeks the costs the scandal has inflicted on President Bill Clinton, his authority and his cabinet have turned a flawed presidency into a failed presidency. And it is precisely in international economics that Mr. Clinton's loss of credibility as world leader is now visibly and dangerously surfacing.

Mr. Clinton and the Treasury secretary, Robert Rubin, staged a flurry of appearances this past week to argue otherwise and briefly stabilize markets. Mr. Clinton's pals abroad rushed to show their thoughts were with

him and to calm a troubled international environment.

Phone calls from Prime Minister Tony Blair of Britain and President Jacques Chirac of France to buck up Mr. Clinton were publicized by their aides. Chancellor Helmut Kohl of Germany, fighting for survival in the Sept. 27 elections, took time to issue a statement praising the president.

"We will do everything we can to help him stay standing," a senior European official told me as the coordinated propelling-up effort began. "An American president too weak to lead to world affairs, too weak to keep America engaged in world affairs, is not in our interests."

But the phone calls, other statements of support from abroad and assertions by Mr. Clinton that he leads on in diminished fashion ultimately serve only to call attention to this president's ebbing authority.

The statement was released in London on Monday by the deputy finance minister of the

Group of Seven leading industrial countries. But almost immediately the German central bank disown the statement, and France let it be known that it had no room to lower its interest rates now.

The sequence is interesting for what it says about Mr. Rubin's relations with his fractious peers, and with Mr. Clinton.

Mr. Rubin originally opposed the London meeting, fearing (correctly) it would raise hopes but deliver nothing. Mr. Clinton gave in to Mr. Blair's insistence that it be held. Then the president trumpeted in a global economy speech in New York the urgent need for major change in international financial institutions — a need Mr. Rubin has privately and publicly minimized.

Mr. Rubin is a master salesman, a suave and intelligent administrator. But in public appearances he increasingly betrays a bemused cynicism about an international financial system that Congress will not

provide money for and which other nations will not support if it means sacrifice. What can I do with these bozos? he silently asks by an arch of the eye brow.

Mr. Rubin's influence and importance are at their height. His continuation in office is more important in at least one respect than Mr. Clinton's. If the president were to resign and spare the country months of bitter political wrangling, markets would shoot up. If Mr. Rubin resigned, the bottom would drop out. His concern for the country and for his reputation rules out Mr. Rubin's resignation now.

But there is a growing gap between his stubbornly minimalist approach to this crisis and the president's need for dramatic, overarching action to restore confidence in the markets, and in his presidency. In that gap lie uncertainty and more trouble for the post-Lewinsky financial world.

The Washington Post

A Financial Taint South America Doesn't Deserve

By Joseph Stiglitz

into which they tumbled almost 20 years ago.

Entire dictatorships have become thriving democracies. In a region once plagued by hyperinflation, inflation is now typically in single digits.

These countries learned the lesson of sound economic management the hard way, they learned it thoroughly. They undertook the deepest reforms without outside pressure. Some of these achievements — the Real Plan in Brazil, economic reform in Argentina and myriad economic innovations in Chile — are serving as models for the developing world.

We have seen this type of contagion before as investors, realigning their portfolios, have damaged seemingly unrelated countries and regions. Mexico's devaluation of the peso in December 1994, for instance, unsettled markets in Asia. In such cases, the two regions' economies generally have little in common on the surface. They do not suffer from the same ills, and their trade relations are limited. It is hard to find a reason that a decline in one would cause the other's market to dive — other than an irrational panic afflicting both.

Fortunately, markets usually exhibit a kind of collective rationality — eventually. They find countries with similar characteristics and distinguish those with good fundamental economic conditions and sound policies from those facing serious problems.

It is an especially cruel injustice that Latin America is subjected to the harshest impact of the Russian crisis. In recent years, World Bank officials and others have watched with admiration as Latin nations have recovered from the debt crisis

selective liquidations and new entry by foreign banks have all helped reinforce these financial institutions.

The paradox is that the panicking market has, for reasons completely unrelated to the region, demanded that Latin American investments deliver unreasonably high interest and

dividends to cover the perceived risks. By driving interest rates up and stock prices down, the markets risk doing severe damage to the Latin economy.

The writer is chief economist at the World Bank. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Color Pictures

PARIS — The "Figaro" published an interesting account on the evolution of photography in colors, apropos of the invention by M. Mathieu. The problem of color-photography is effectively solved by M. Mathieu's process. The fundamental principle on which this process is based is the fact that all the colors perceptible to the human eye are combinations, varying in proportion and degree, of the three colors, red, yellow and blue. By means of colored screens the colors can be split up so that each may have its own individual action on specially prepared sensitive plates.

Many challenges remain, of course, and there will be stumbling blocks in one country or another. But looking at these economies as a whole today, strong fundamentals and a bright future are evident. The London representative of an

American chewing-gum company told that, after years of effort, one-eighth of the British population has now fallen for the chewing-gum habit. While footballers and athletes use it in public, it is still a private habit. Nevertheless, British jaws are now masticating more than six million packages monthly.

1948: An Old Quarrel

ST. HELIER, Jersey — Great Britain and France are still quarreling about a bit of unfinished business from the Hundred Years' War — almost 500 years ago. It's the ownership of two little islands in the Channel, midway between the French and British coasts. Ever since the end of the Hundred Years' War, smugglers from the two countries have been hiding there. The International Court of Justice will be asked to decide which flag will fly over the isles of Les Minquiers and Les Ecrehou.

1923: American Habit

LONDON — While many Britons are lamenting the growth of American habits, the spread of American slang and the monopoly of American movies, the London representative of an

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel: (33) 1 41 59 00. Fax: Subscriptions, (33) 1

Step by Step Countries eligible to sit on the United Nations Security Council:

Afghanistan	Equatorial Guinea
Albania	Eritrea
Algeria	Estonia
Andorra	Ethiopia
Angola	Fiji
Antigua and Barbuda	Finland
Argentina	France
Armenia	Gabon
Australia	Gambia
Austria	Georgia
Azerbaijan	Germany
Bahamas	Ghana
Bahrain	Greece
Bangladesh	Grenada
Barbados	Guatemala
Belarus	Guinea
Belgium	Guinea-Bissau
Belize	Guyana
Benin	Haiti
Bhutan	Honduras
Bolivia	Hungary
Bosnia and Herzegovina	Iceland
Botswana	India
Brazil	Indonesia
Brunei Darussalam	Iran
Bulgaria	Iraq
Burkina Faso	Ireland
Burundi	Italy
Cambodia	Jamaica
Cameroon	Japan
Canada	Jordan
Cape Verde	Kazakhstan
Central African Republic	Kenya
Chad	Kuwait
Chile	Kyrgyzstan
China	Lao
Colombia	Latvia
Comoro Islands	Lebanon
Congo	Lesotho
Costa Rica	Liberia
Côte d'Ivoire	Libya
Croatia	Lithuania
Cuba	Luxembourg
Cyprus	Madagascar
Czech Republic	Malawi
Democratic People's Republic of Korea	Malaysia
Democratic Republic of the Congo	Maldives
Denmark	Malta
Djibouti	Marshall Islands
Dominica	Mauritania
Dominican Republic	Mauritius
Ecuador	Mexico
Egypt	Micronesia
El Salvador	Moldova
	Monaco
	Mongolia

Countries not eligible to sit on the United Nations Security Council:

Morocco	Papua New Guinea
Mozambique	Paraguay
Myanmar	Peru
Namibia	Philippines
Nepal	Poland
Netherlands	Portugal
New Zealand	Qatar
Nicaragua	Republic of Korea
Niger	Romania
Nigeria	Russian Federation
Norway	Rwanda
Oman	St. Kitts and Nevis
Pakistan	St. Lucia
Palau	St. Vincent and the Grenadines
Panama	Samoa
Papua New Guinea	San Marino
Paraguay	São Tomé and Príncipe
Peru	Saudi Arabia
Philippines	Senegal
Poland	Seychelles
Portugal	Sierra Leone
Qatar	Singapore
Republic of Korea	Slovakia
Romania	Slovenia
Russian Federation	Solomon Islands
Rwanda	Somalia
St. Kitts and Nevis	South Africa
St. Lucia	Spain
St. Vincent and the Grenadines	Shri Lanka
Samoa	Sudan
San Marino	Suriname
São Tomé and Príncipe	Swaziland
Saudi Arabia	Sweden
Senegal	Syria
Seychelles	Tajikistan
Sierra Leone	Tanzania
Singapore	Thailand
Slovakia	The Former Yugoslav Republic of Macedonia
Slovenia	Togo
Solomon Islands	Trinidad and Tobago
Somalia	Tunisia
South Africa	Turkey
Spain	Turkmenistan
Shri Lanka	Uganda
Sudan	Ukraine
Suriname	United Arab Emirates
Swaziland	United Kingdom
Sweden	United States
Syria	Uruguay
Tajikistan	Uzbekistan
Tanzania	Vanuatu
Thailand	Venezuela
The Former Yugoslav Republic of Macedonia	Viet Nam
Togo	Yemen
Trinidad and Tobago	Yugoslavia
Tunisia	Zambia
Turkey	Zimbabwe

Israel

Believe it or not, Israel is the only one of the 185 member countries ineligible to serve on the United Nations Security Council, the key deliberative group of the world body. Even Iraq is eligible. So is Iran. And so, too, are Cuba, Libya, North Korea, Sudan and Syria.

Why is it that these seven nations, all cited by the U.S. State Department as sponsors of terrorism, are eligible to serve rotating terms on the Security Council, yet Israel, a democratic nation and member of the UN since 1950, is not?

To be eligible for election, a country must belong to a regional group. Every UN member state—from the smallest to the largest—is included in one of the five regional groups. By geography, Israel should be part of the Asian bloc but such countries as Iraq and Saudi Arabia have prevented its entry for decades.

But only Israel among all UN members is denied the right to belong to any regional group. As a temporary measure, Israel has sought acceptance in the West European and Others Group (WEOG), which includes not only the

democracies of Western Europe but also the United States and other Western countries.

The UN Secretary General, Kofi Annan, on March 25, 1998, called for an end to this injustice to Israel and "the normalization of Israel's status within the United Nations..." Moreover, several countries, including the U.S., Australia, Canada and Norway, have expressed support for Israel's admission to WEOG, but the 15-member European Union refuses to act.

Thus, without membership in a regional group, Israel can never be elected to serve a term on the Security Council or, for that matter, to the other most important bodies of the UN system, such as the Economic and Social Council, the World Court, and the Commission on Human Rights.

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United Kingdom to the UN
1 Dag Hammarskjöld Plaza, 885 Second Avenue
New York, NY 10017

Dear Mr. Ambassador:

We urge all members of the European Union to accept Israel as a temporary member or participant in the West European and Others Group. As you know, Israel is the only country denied membership in any regional group.

Now is the time for all democracies of Europe to demonstrate that democracy means a voice for all nations.

Thank you.

Sincerely,

H.E. Ambassador Dr. Ernst Scharipa
Permanent Representative of Austria to the UN
Representative of the Presidency of the European Union
823 UN Plaza
New York, NY 10017

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Sincerely,

H.E. Ambassador Dr. Dieter Kastrup
Permanent Representative of Germany to the UN
871 UN Plaza
New York, NY 10017

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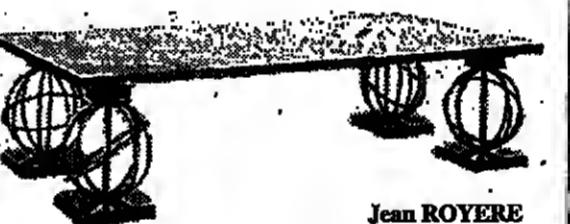
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Detail of the right panel of Otto Dix's "Metropolis."

German Conscience: The Great Otto Dix

By Michael Gibson
International Herald Tribune

SAIN-PAUL-DE-VENCE, France — The art of Otto Dix (1891-1969) is heir to the high tradition of German art — to the likes of Durer, Altdorfer and Cranach. Its importance has been partly obscured by the grim historical ambiguities of this century, but as time passes, it will become increasingly obvious that he was one of the major artists of our century.

This much can be seen from the very fine exhibition at the Maeght foundation (to Oct. 18). Dix's father worked in a foundry, his mother had a gift for drawing. His earliest paintings shown in this exhibition were done between the ages of 18 and 22 and their dominant mood is stark black and brutally industrial.

The influence of Expressionism is apparent here, but so is that of the dreary lives of the German proletariat whose child Dix remained and to which he always sought to do justice in a straightforward language and without political intent.

When World War I broke out, Dix was 23. Like many of his young compatriots, stirred by the fashionable notion that war would purify society, Dix volunteered. His first drawings from the trenches show an occasional devastated village or exploding shell, but they do not reveal the full truth of these terrible events.

That would come in 1922, when he produced a sequence of 51 engravings — all shown here — which in every way deserve comparison with Goya's "Disasters of War."

Dix, like so many others who had been in the trenches, came to realize that what had actually happened there was beyond anything he or anyone else had anticipated.

The Czech philosopher Jan Patocka maintained that World War I was the decisive event of the 20th century. It was so (he wrote in his "Heretical Essays") because force was applied on a scale and with a degree of brutality without precedent, subjecting those who were sent to the front to an unimaginable degree of terror and absurdity. This is what Dix also manages to suggest.

One senses, in viewing these works, that the experience of trench warfare, with the huge industrial power of artillery playing the part of a merciless God, is a cultural shock quite comparable in scale (though in a different register) to the equally industrial reality of death camps in World War II.

Emerging from this war, and con-

fronted with the social, moral and economic chaos of the '20s, Dix realized that war had "purified" nothing. He first joined forces with the Berlin Dadaists, producing paintings and collages whose corrosive power remains undiminished.

But at the same time he started taking a keen interest in traditional German painting. As a result, we have works done in the '20s that are all the more searing and sinister (the old lovers, the old prostitutes) that they are cooched in an extremely demanding idiom.

The influence of Expressionism is apparent here, but so is that of the dreary lives of the German proletariat whose child Dix remained and to which he always sought to do justice in a straightforward language and without political intent.

In the early '30s, Dix was blacklisted by the Nazis. Under similar circumstances, other artists fled abroad. Dix, however, retired to the country and did his best to be forgotten. And since he could not paint the sort of work he favored in the past without fear, he devoted himself to a series of extraordinary landscapes couched in an idiom derived from the likes of Altdorfer or Brueghel.

THE paintings done in 1940 and '41 are tender beyond belief.

This attention to all the minutiæ of country life, and the delicate colors of the landscape, was, up to a point, a protective device at a time when Nazi propaganda demanded a return to the style of the Old Masters.

Slowly, with judicious infusions of technology and a good deal of patience, Sachs is trying to transform one of the most famously old-fashioned institutions in Manhattan into one that is more user-friendly. Some of his ideas, like the Web site and a multilanguage digital Acoustiguide, are coming to fruition. He knows that other ideas — expanding exhibition space, extending hours, opening a cafe and even relocating the entrance — may be a bit ambitious for what has long been viewed as a place where nothing changes.

Since it opened to the public in 1913, the limestone mansion at One E. 70th Street built for Henry Clay Frick, the Pittsburgh coal and steel industrialist, quickly became one of the city's most popular attractions among dedicated art lovers, with attendance of more than 250,000 a year.

The last gasp of America's Gilded Age in the heart of the Upper East Side, the Frick offers an intimate look into

BOOKS

STOP PRESS

Tim Heald. 280 pages. £9.99.
Weidenfeld & Nicolson.

Reviewed by
Philip Bowring

IT takes a good, old-fashioned British journalist, or any visiting foreigner, to recognize how truly awful the British press has become. Once-quality broadsheets offer much the same sensationalist sex, royalty and food-scare fare as the notorious tabloids. Personalities, not is-

sues, rule editorial judgments, accuracy is optional and comment preferred to news. Parochialism is taken for granted and jingoism generally preferred as the formula makes money.

That at any rate is the thesis of Time Heald's fictional account of the post-Fleet Street London press scene. Journalist, biographer of sportsmen and royalty, crime fiction writer, Heald has been mostly viewed as an elegant, amiable but undemanding all-purpose author. But with "Stop Press" he has worked himself up into a satirical rage against world he knows all too well.

The plot centers on the reporting of a sexual relationship between the prime minister and his (male) private secretary. Leading the pursuing bloodhounds are the

tabloid Noise and the broadsheet Conscience, organs of a proprietor known as Chinese Ken, who made his money in Hong Kong but otherwise has characteristics in common with Rupert Murdoch. Its main rival is the Intelligence, controlled by the octogenarian Lady Beatrice.

The hero, for want of a better word, is the axed literary editor of the Conscience who reinvents himself as a media consultant and creates the circumstances for the story's move from London to Surago, a Caribbean island cross-between Cuba and Haiti.

Heald never quite reaches the heights of satirical absurdity of Evelyn Waugh's "Scoop" with its Daily Beast and filing by clef stick. Nor do his proprietors have the megalomania to make them into men of Citizen Kane proportions. Bot the denouement, with a motley crew of British hacks, their bisexual prime minister, a Greek billionaire and a women's rugby team holed up in Surago during a revolution is very funny. And his characterization of journalists, proprietors and politicians is close enough to be disturbing.

A "Scoop"-style brevity would have helped. Some readers may tire at the descriptions, accurate enough as they are, of the transition of rough but semi-honest old Fleet Street to the new age of Wapping, bean-counter management and journalistic nihilism. But Heald succeeds in making his righteous anger at the press and proprietors he has served as entertaining as it is instructive.

International Herald Tribune

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ART

East Meets West, Giving Market a Boost

By Souren Melikian
International Herald Tribune

LONDON — It was the first serious test of the art market as seen from Europe. "The Art & Influence of Asia" sale with its almost exclusive focus on Japanese art of the 19th and 20th century held at Bonhams this week could not have come at a more sensitive moment.

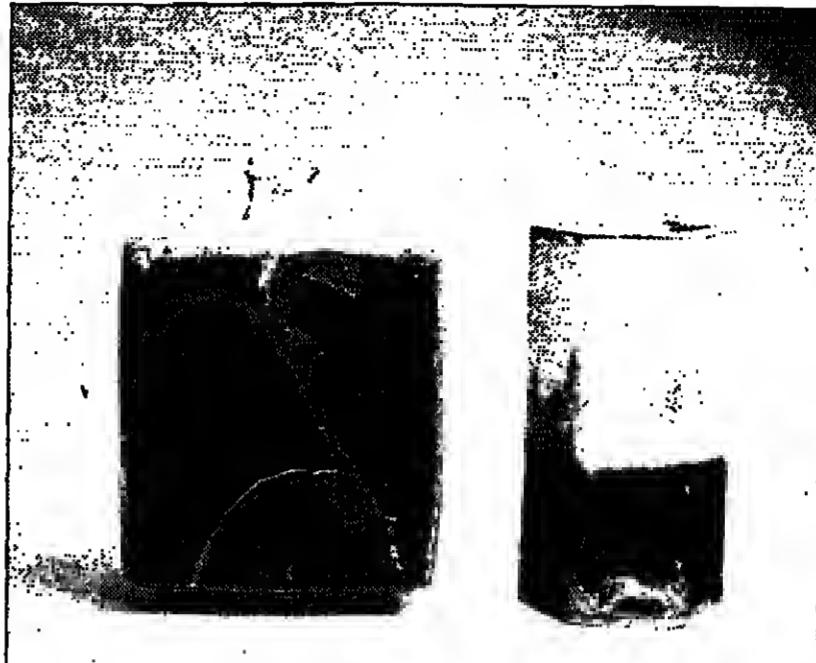
Did Cyril Frankel, the British film and theater director, whose second passion is avant-garde ceramics and who masterminded the meteoric rise of Bonhams in the field in just 10 years, have secret misgivings at the back of his mind? This was the first time that stoneware vessels by Shoji Hamada, Japan's leading 20th-century master potter, were up for sale in large numbers, and yet Frankel, with all his admiration for the master, did not play up that motif. Instead, the catalogue cover mentioned that this was the sale of the Janet Leach collection of pottery.

True, that made it yet another world premiere. For the first time, it was possible to see the Japanese vessels that the Texan potter, née Janet Damrell, had most admired and lovingly collected, first while studying the art in 1954 under Hamada in Japan and later over a lifetime of working trips to Japan. At the viewing that preceded the auction, a few of Janet Leach's own pots and other vessels by her husband, Bernard Leach, transformed the room into a unique showcase of East-meets-West avant-garde pottery.

One object admirably symbolized it — a big 18.5-inch-high Korean jar of the 17th or 18th century covered in a thick off-white glaze. Bernard Leach had bought it in Korea in 1943. Back in England, he first entrusted it to his friend the potter Lucie Rie, and then gave it to her. She, in turn, left it to Janet Leach with whose collection it was being sold this week.

If ever the fate of an object must have seemed uncertain, this was it. With South Korea steeped in depression, the days when it might have gone for \$1.5 million or more seemed an eternity ago.

The beauty of the art market, however, is that it is unpredictable. What drives traditional buyers who buy not for investment or for status is their



A flattened, square bottle vase and a hexagonal vase by Shoji Hamada.

love of the objects. They are moved by an impulse that is as irresistible as it is ill-defined. Add the rarity factor in a market where supplies are shrinking, and the collector's attraction can prove more powerful than the fear of economic disaster.

On Wednesday, its effect was perceptible right from the beginning. The sale started in a low key with trinkets of the kind that have enchanted Europe since the 19th century. They included, for example, netsukes, i.e. small animal figures in wood or ivory made to dangle from the strings of medicine boxes. Their technical perfection can make the best of them irresistible to those whose feel for art is tactile as well as visual.

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It is the time a small rat curling over a vegetable, carved in brown wood by Tomokazu, fetched \$2,185 (\$3,670), more than the estimate, some professionals began to feel that things were not going badly. Minutes later, the first piece of some significance came up. The ivory rabbit pausing to scratch its shoulder with

intense concentration carries the signature Kaiyokusai Masasumi (1813-1902), a household name to the cognoscenti, who ran it up to a generous \$34,500.

And then came the big test of the day — Bernard Leach's white Korean jar for which Bonhams quoted a £150,000 estimate. I watched a Korean win sat in one of the back rows as he battled with another bidder from the Far East. The white jar climbed up to £386,500. Given the chip at the mouth and a star crack in the lower part of the body, the price is huge even if it was less than what it would have cost at the height of the Korean craze three or four years ago.

The buyer identified himself as "a Korean collector living in the United States." The East-meets-West phenomenon had done the trick.

It did it again on a smaller financial scale but over a considerable number of objects, when came the turn of Hamada and his school. A young English collector went after a squat vase in red and green enamels on ivory ground, paying a stiff £11,270 to get it, and later succumbed to the lure of a £1,955 footed bowl by Fujin Knyama. Decorated in a few short strokes of dripping rusty brown enamel and a single arched stroke of green enamel on white ground, Knyama's bowl looks like some ceramic invention of the New York school of the 1970s.

Ironically, but to the point, the true masterpiece in the Japanese taste was inexpensive. The hexagonal vessel has the size of a traditional brush pot. Decimated dark brown in the lower area and pale olive mountains rising on tones of white in the upper part, it is immensely poetic and made only £2,990, matching one of Frankel's remarkably accurate expectations, bang in the middle.

For collectors, this was a fantasia day in which prices were entirely determined by them, not by speculators. For Bonhams, it was a small triumph. For the art market, not driven by hype, it augurs rather well.

Gentle Changes for the Frick Collection

By Carol Vogel
New York Times Service

NEW YORK — Samuel Sachs 2d, director of the Frick Collection, may work at a Chippendale desk in a panelled room built more than eight decades ago as the boudoir of Adelaide Childs Frick, but he spends his days looking toward the future.

Flashing across his computer screen is a picture of the Frick's famous living hall with its 16th-century paintings, fine French furniture, Renaissance bronzes and magnificent Persian carpet. With the click of a mouse, he made the hall spin in every direction. Nine months in the making, the museum's new Web site — www.frick.org — offers the usual menu of practical information but also includes a virtual reality tour.

"We've had hits from all over," Sachs said. "Four-thousand people in the first two days pulled up the Web site from countries like Australia, New Zealand and Scandinavia."

A year ago, Sachs, 62, left the financially troubled Detroit Institute of Art, where he had been director for 12 years, to become director of the Frick.

Slowly, with judicious infusions of technology and a good deal of patience, Sachs is trying to transform one of the most famously old-fashioned institutions in Manhattan into one that is more user-friendly. Some of his ideas, like the Web site and a multilanguage digital Acoustiguide, are coming to fruition. He knows that other ideas — expanding exhibition space, extending hours, opening a cafe and even relocating the entrance — may be a bit ambitious for what has long been viewed as a place where nothing changes.

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The last gasp of America's Gilded Age in the heart of the Upper East Side, the Frick offers an intimate look into

what was once a grand home. Its artwork and objects from the 14th to the 19th centuries — fine French furniture of the 18th century, bronzes, Chinese porcelains and Limoges enamels — are arranged as though the Fricks still lived there. The walls are lined with Holbeins, Vermeers, Rembrandts, Turners, Gainsboroughs and Van Dycks, and rooms are filled with Brueghels and Fragonards.

Sachs refers to his mission as one of "fine tuning" rather than making major changes. The trick, as he well knows, is to make the museum more dynamic without ruining what people love about it.

When Frick died in 1919, he left his home and art collection to a board of trustees with instructions that they become a study center for art and related subjects. The institution has a large endowment for its size, more than \$200 million, but little space to mount temporary exhibitions. It also has a notoriously guarded nine-member board, run by Henry Clay Frick 2d, Frick's grandson, and several other family members.

While many museums are courting the newly rich to become members of expanded boards, the Frick has kept its



Visitors to the Frick Museum in New York using digital Acoustiguide devices.

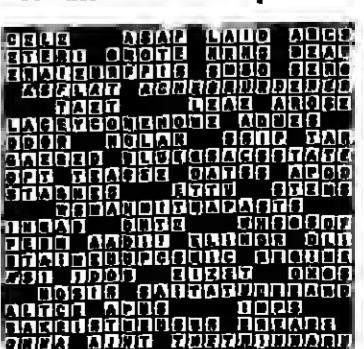
board at its original size, giving the impression that it is a private club. Some supporters say privately that they fear any changes will ruin the Frick's special character; others say the Frick needs to keep up with the times.

COUNTDOWN By Charles Deber



© New York Times/Edited by Will Shortz

Solution to Puzzle of Sept. 12-13



ART IN MONACO: THE COLLECTIONS

POUNDERING VISIONS OF SACRED BEAUTY

The Chapelle de la Visitation houses an important collection of religious art.

A chapel is usually a place for prayer and meditation. La Chapelle de la Visitation, a 17th-century chapel perched on the rocks above the port of Monaco, however, has become a place for meditation with a more artistic bent.

Since 1995, the church has housed 20 important works from the collection of sacred art of Barbara Piascak Johnson, a Monaco resident and one of the world's most respected art collectors.

Divine inspiration Ms. Johnson has been drawn to sacred art because, she explains, "I feel that some of the greatest masterpieces have been created thanks to powerful religious inspiration. Religion evokes great emotions in artists and normal people alike."

Her collection cannot help but inspire emotion, drawn as it is from artists such as Peter Paul Rubens, Alessandro Alvari, Giuseppe di Ribera and Carlo Bononi.

The baroque setting of the chapel is equally moving, with its lavish and luminous interior.

The Principality of Monaco transformed it from a school chapel into a location with museum standards — including the required climatic and security fittings — in only six months.

When Barbara Piascak Johnson approached the government with the offer to loan her collection, it was Prince Rainier who personally suggested the chapel as its repository.

"I wholeheartedly embraced the idea," says Ms. Johnson. "What could be more fitting? Religious art

presented inside an extraordinarily beautiful sacral building."

She had turned to the principality because of "its very rich social and cultural life. It was only natural for me to share part of my collection with the people who have accepted me as one of their own," she explains. She is grateful to Prince Rainier and Prince Albert for their enthusiasm in receiving her collection.

Vermeer on show In addition to the 20 "permanent" works on loan until 2005, every year a different masterpiece is temporarily put on display.

This year, the work of art is "Saint Praxedis," an atypical early painting by Johannes Vermeer, the 17th-century Dutch painter often ranked among the greatest masters of Western art. It is being shown alongside the work upon which it is based, by Felice Ficherelli.

"Saint Praxedis" is "a difficult painting," admits Ms.

Johnson, who has a master's degree in art history from the University of Wroclaw in her native Poland and also studied art history in Rome. "But it is strikingly beautiful and well reflects the spiritual life of Vermeer." It is also the only Vermeer in a private collection; all others belong to museums.

Rainier Rocchi, Monaco's director of cultural affairs, points out that the museum plays a significant role in the artistic life of the principality. Every year, in connection with the featured work on display, an expert is invited to prepare a scholarly discussion of its history and importance. This monograph is



available to the art community attending the opening presentation.

Arthur Wheelock Jr., a noted Vermeer expert, wrote the monograph for "Saint Praxedis."

For 1999, Mr. Rocchi

hopes that a Caravaggio may be on offer. Caravaggio is Ms. Johnson's favorite artist from the Baroque period, and the Italian Baroque is her preferred period of art history, so the prospects are worthy of meditation. •

FREE ACCESS TO A RICH CULTURAL HERITAGE

On Oct. 4, all of Monaco's museums (with the exception of the Oceanographic Museum) and many sites of historical or architectural interest will be open to the public free of charge. The day marks Monaco's participation in the Journée Européenne du Patrimoine, a Europe-wide event celebrating the Continent's cultural heritage, country by country.

Last year, more than 40,000 people visited 24 museums and sites in the principality, plus four nearby locations in Menton, France and Ventimiglia, Italy, with ties to Monegasque history. Free buses shuttled visitors among the various locations.

"A unique feature of this event is the opening of a number of places rarely accessible to the casual tourist," notes Rainier Rocchi, Monaco's director of cultural affairs. He cites the Salle Garnier (home of the Monaco Ballet) and the Casino, City Hall and the Palace of Justice, all of which include guided tours to explain the historic and artistic importance of each venue.

A booklet describing all the participating locations, with opening hours, the bus schedule and a map of the principality, is available through the Monaco Office of Tourism (tel.: 377 92 166166).

HISTORY RECOUNTED BY ARTFUL OBJECTS

Cars, stamps and coins, and model boats are exhibited at the Terrasses de Fontvieille.

Three of the most obvious associations with the Principality of Monaco are cars (the Monte Carlo Grand Prix), stamps (they are well-known collectors' items) and the sea (the tiny country's Mediterranean location).

All have been brought to life as permanent museums, clustered near each other in a building of recent construction overlooking the Port de Fontvieille.

The prince's cars One of them can truly be considered a "princely collection," as it encompasses Prince Rainier's private collection of automobiles, amassed over a period of 30 years.

At the exhibition's opening in 1993, Prince Rainier observed, "This isn't an automobile museum but a personal collection of vin-

age cars from every age and country. Commonplace or exceptional, they are representative of their time, and I like them."

One hundred vehicles are displayed in a specially designed five-level hall. Some were gifts to the prince; others he acquired after falling in love at first sight. The oldest car in the collection (and the first purchased by the prince) is a De Dion Bouton 1903.

A number of cars recall the history of World War II, others the famed fantasies of 1950s America. Rolls-Royce, Maserati, Jaguars, Lamborghinis and Mercedes are also present, befitting the principality's reputation for luxury.

The autos constituting the "Collection des Voitures Anciennes de S.A.S. le Prince de Monaco" are not displayed in chronological order, but together they repre-

sent a passage through automotive history.

Philatelist's choice History of another sort can be traced through the exhibits of Monaco's Coin and Stamp Museum. The state-owned collection consists of two display areas: a large exhibition hall and the hall of rare stamps. The former presents Monaco's coinage and bills and its stamps, dating from 1885 to the present.

Currently on exhibit is a display of all the stamps circulated under the reign of Prince Rainier, as well as all the color proofs and plates used to produce them. Also displayed is a printing press used to produce Monaco's stamps for more than 50 years, a hand press used by invited artists to make stamp proofs for visitors, and a variety of plates for stamps and coins.

The rare-stamp collection

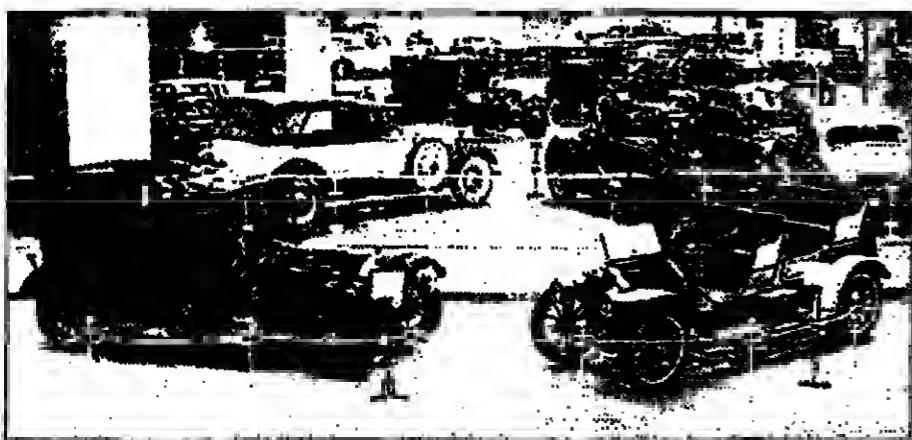
was begun by an English pastor, Reverend G.G. Barber, at the end of the 19th century. Notable in his collection were Sardinian stamps dating from before 1860. When the pastor died, Prince Albert I received the collection, and subsequent monarchs have added to it.

The museum opened in 1996, after careful study of the problems involved in displaying delicate stamps. It makes use of the most modern techniques of lighting and climatic control, including fiber optics that avoid overheating the documents and provide excellent color resolution.

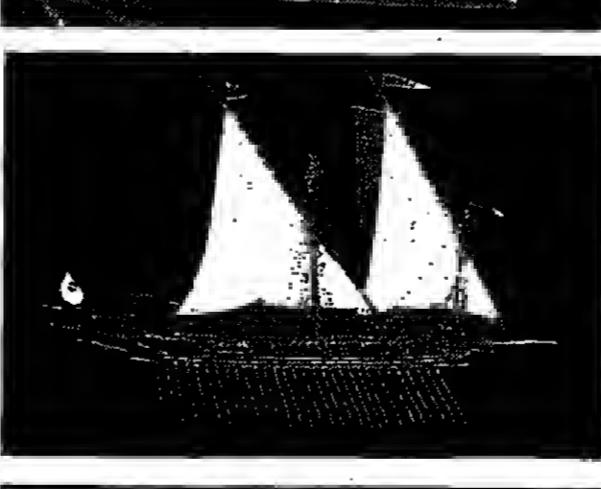
Sailing through the ages Delicacy of another sort can be found in the Naval Museum, opened in 1993. Two hundred model ships, along with objects reflecting naval history over the ages, are exhibited, some recreating the delicate rigging of clipper ships, others the details of Roman warships.

The majority of models in the 600 square meter museum are drawn from the private collection of Monaco resident Claude Pallanca. Others belong to Prince Rainier, whose contributions enriched the collection considerably.

Models include first-century Mediterranean boats; the Pinta, Nina and Santa Maria of Christopher Columbus; the Titanic and examples of World War I and World War II warships, including a five-meter version of the aircraft carrier Nimitz. •



Prince Rainier's collection of vintage cars.



From the top: Vermeer's "Saint Praxedis," which is displayed in the Chapelle de la Visitation (pictured immediately below); an automaton in the National Museum; a model in the Naval Museum; the Palais Princier.

A SMALL WORLD'S INTRICATE CHARMS

The National Museum's doll and automaton collection is not just for children.

That a doll-sized country like Monaco (with a total area of 0.9 square miles) should feature doll-sized figures in its national museum may seem sweetly logical. And the museum's collection of more than 400 18th- and 19th-century dolls, 80 automata from the 19th century and 2,000 Lilliputian objects is today considered one of the most beautiful in the world by collectors, experts and historians of the period.

But when Monaco's National Museum opened its doors in 1972, the idea of displaying dolls as objects of cultural and artistic interest was "quite avant garde, especially in the francophone world," says Annette Bordeau, secretary general of the National Museum.

Madeleine de Galéa, a patron of the arts who died in 1956, had left an impressive array of dolls and related objects, which her grandson offered to the principality. Prince Rainier took the gamble of creating a museum for them and chose a villa designed by Charles Garnier (architect of the Monte Carlo Casino and the Paris Opera House) to display the collection.

Villa Sauber's 19th-century architecture provides an appropriate setting for its unusual occupants. The gardens, with their 1,500 rose bushes and outdoor sculptures, add to the atmosphere.

Madame Galéa had a collection "de charme," notes Ms. Bordeau. "She was not a purist; she collected for her own pleasure." Included are engaging groupings of miniature furniture, tea sets, musical instruments, ironing, even rows of little socks that serve to illuminate the era they represent.

Madame Galéa loved fashion, and collected couture clothing all her life. The dolls began as an offshoot of this interest; she collected adult doll figures for their costumes. "You will note that there is only one child's figure in the entire collection, and no babies," points out Ms. Bordeau.

About 45,000 visitors tour the museum every year, but only one-fourth of them are children. "This is really more a museum for adults," admits Ms. Bordeau.

Nevertheless, during the daily scheduled periods when the automata are wound and set in motion, both adults and children ooh and aah. The animated figures, which Madame Galéa collected at a later point in her life, illustrate the late 19th-century aristocracy's fascination with the circus, exotic themes and monkeys practicing human pursuits (playing instruments, smoking, etc.).

Because of the delicacy of some of these figures, the National Museum has created duplicates of some of them to perform for the daily "shows." The snake charmer, for example, is one of only 12 such automata in the world, and connoisseurs consider it extremely valuable. Given the artistry of the restorers, costumers, painters and technicians involved, even experts would be hard-pressed to distinguish the copies from the originals.

A series of dolls sporting clothes and coiffures originally worn by Princess Grace — and recreated by her couturier and hairdresser — is another popular feature of the museum. So is a lavish 18th-century Nativity scene with ornate Neapolitan figures.

Young girls may gravitate to the Barbie dolls on display; they were the playthings of Princess Caroline and Princess Stephanie when they were children.

This year, a special exhibit called Dolls of Japan will be on display through the end of September. •

BRINGING ART TO THE PUBLIC

Contemporary sculpture enriches parks and plazas.

The Biennale for 1997-98 has attracted 40 artists from 17 countries displaying 71 works of art. Fifty sculptures are displayed in the Place du Casino, the heart of Monte Carlo, most of them from the Biennale but some part of the principality's permanent collection.

Although 4 percent of Monaco's budget is spent on art and culture (a high percentage, points out Rainier Rocchi, Monaco's director of cultural affairs), most of this money has traditionally been allocated to the performing arts, such as its world-renowned ballet company, orchestra and dance academy.

A separate initiative in the realm of modern art in Monaco celebrated its 32nd edition in 1988. It is the Prix International d'Art Contemporain de Monte Carlo, and includes paintings as well as sculpture. A subsidy from the Prince Pierre of Monaco Foundation ensures the participation of some 20 artists under the age of 40 from countries on every continent. They vie for prizes worth up to 100,000 French francs (\$17,500).

Made in Monaco

Some of the artists whose works are on display in Monaco's open spaces and who serve as judges for the Prix International have decided to locate their art studios in the principality. Eight studios on the west side of Port Hercule have been made available at low rents to meritorious artists. Botero, Jean-Michel Folon and Valerio Adami are among the sculptors and painters who are now creating works "Made in Monaco" as a result of this initiative. "All the studios are occupied," reports Mr. Rocchi, "and we are hoping to open them to the public next year during National Heritage Day." •

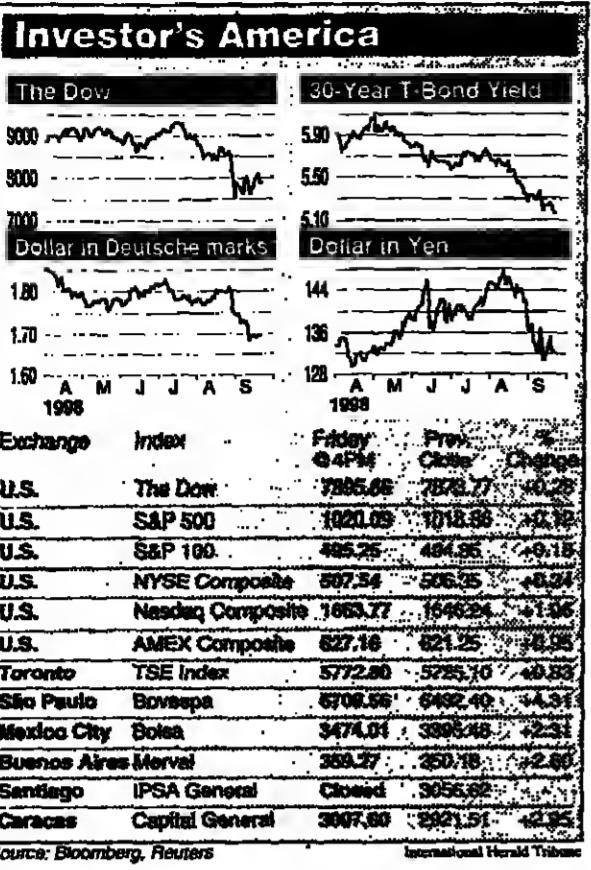
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"ART IN MONACO: THE COLLECTIONS" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Centre de Presse Monaco. WRITER: Claudia Fisi in Monaco. PROGRAM DIRECTOR: Bill Maher.

THE AMERICAS

**Stocks Rise as Investors Look for Safety**

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Friday as gains in telephone, tobacco and beverage shares offset declines in companies whose fortunes depend on a growing economy.

"There is a move to security and safety," said David Bayer, portfolio manager with Knapenberger Bayer Management Inc., based in Minneapolis. "People still have to make phones call."

The Dow Jones industrial average finished 21.89 points higher at 7,895.66, while the Standard & Poor's 500 index rose 1.22 points to 1,020.09.

Gaining issues outnumbered losing ones by a 3-to-2 ratio on the New York Stock Exchange, and the Nasdaq composite added 17.52 points, to 1,663.77.

Telephone companies, which tend to pay higher-than-average dividends, rose. AT&T rose 1.9/16 to 59,

and Ameritech rose 1.9/16 to 49.14.

The expiration of futures and options contracts on stock indexes and options on individual stocks made trading volatile.

Investors are still wary about the impact of weakening world economy on U.S. corporate profits, making stocks susceptible to profit warnings. Gillette and others warned this week that slumping economies overseas were hurting profits.

"Earnings are far more at risk than people thought, and Gillette is a poster child for that," said Ted Bridges, a money manager at Bridges Investment Counsel Inc. "If people can't afford a razor, then things must really be bad."

Gillette ended down 5/16 at 36 9/16 and declined more than 15 percent in the week.

The profit worries also are causing many investors to move money

into the relative safety of the U.S. Treasury bond market.

The price of the benchmark 30-year bond rose 15/32 point, to 105 10/32, sending the yield down to

U.S. STOCKS

5.15 percent from 5.18 percent Thursday. The yield has fallen about 90 basis points since April.

Bond prices got a lift from the decision by the House of Representatives' Judiciary Committee to release the videotape of President Bill Clinton's grand jury testimony on his relationship with Monica Lewinsky, a former White House intern.

"There's still some political instability," said Joel Kem, economist at Lehman Brothers. "It's a reminder that this thing's not done."

Among active stocks, Xylan fell 2% to 103% on concern that third-

quarter profit at the computer-networking company would be hurt by slower sales to large distributors.

Platinum Software, which makes financial-management software, lost 4 13/16 to 8, also on worries about its profit prospects.

Oil stocks fell after Royal Dutch/Shell warned it would miss analysts' earnings expectations. The Anglo-Dutch company's American depositary receipts lost 2 11/16 to 46 3/16.

"It's bringing home to investors that these are tough times to operate an oil company," said Robin Younger, chief equity strategist at Henry Cooke Lumsden.

Spaghetti Warehouse rose 15/16 to 7% after the restaurant chain said it would be acquired for about \$60 million by Consolidated Restaurant, a unit of the investment concern Cracker, Harkey, Street & Hartnett. (Bloomberg, Reuters, AP)

Accord Set On Running The Internet

Washington Post Service

WASHINGTON — The company that assigns most of the world's Internet addresses and University of Southern California research organization have reached an agreement to administer many of the global network's most critical administrative functions.

The deal, announced Thursday after months of contentious negotiations, in the Internet community, is a crucial step toward transferring control of the network's administration from the U.S. government to the private sector.

The government said in June that it would cede authority of the Internet to an international consortium led by the private sector — but such a group still had to be formed and had to be approved by the White House.

Under the deal — reached by Network Solutions Inc. and the Internet Assigned Numbers Authority at USC — a non-profit corporation would assume control of administrative functions, including assigning Internet addresses. That task is now handled by Network Solutions, which has an exclusive government contract.

The new corporation eventually would allow other firms to assign addresses and would decide whether to expand the number of "top-level domains," or address suffixes such as ".com" and ".org."

Internet analysts said they think the agreement will be supported by other Internet organizations and eventually will be blessed by the White House.

Those involved in Internet governance issues have long wanted to set up such a corporation, but the dominant players had not been able to agree on details, such as how members would be selected.

The plan gives Internet organizations and businesses a big voice on the corporation's board, but also calls for nearly half the members to be from the broader Internet community.

Still unresolved is how the corporation's first board members will be chosen, a process that could elicit controversy.

Yen Falls Amid Skepticism About Japan's Bank Plan

Bloomberg News

NEW YORK — The dollar rose against the yen Friday amid speculation that a plan to reform Japan's banking system would not revive the Japanese economy soon.

Japanese leaders agreed on a plan aimed at restoring health to the country's banking system that calls for taking over some of the country's weakest large banks, closing smaller institutions and injecting billions of dollars into the banks to dispose of bad loans.

Analysts said these were steps in the right direction but that they might not have a rapid enough impact on the

FOREIGN EXCHANGE

economy to lure traders to the yen right away.

"While this is good news, the outlook for Japan is still negative," said Mark Party, a bond manager at Hill Samuel Asset Management in London. "The Japanese economy is not going to change direction.

We've had a negative view on the yen for some time."

Japan is in its worst recession in five decades, in part because its banking industry is saddled with at least \$7 trillion yen (\$582.76 billion) in problem loans.

The dollar rose to 132.63 yen in 4 P.M. trading from 132.13 yen Thursday.

But the dollar slipped against most major European currencies amid speculation the U.S. Federal Reserve Board might cut interest rates before the German central bank does, undercutting the dollar's allure compared with the mark.

The dollar fell to 1,695.00 Deutsche marks from 1,696.50 DM on Thursday and to 5,684.50 French francs from 5,688.00 francs, though it rose to 1,394.50 Swiss francs from 1,391.50 francs. The pound rose to \$1.6820 from \$1.6813.

The Bundesbank's president, Hans Tietmeyer, suggested recently that Germany will not lower its borrowing costs soon.

Continued from Page 11

positions, many said that after having made huge investments in recent years to increase production, they are pausing while sales catch up.

Even without an optimized crisis like the one emanating from Asia, corporate America normally goes through cycles of robust capital spending followed by pullbacks. More than seven years into an economic expansion, this appears to be a time for pullback.

"Until we see that more demand is likely to occur, we are not going to go into another cycle of capacity expansion," said Wynn Van Busman, the chief economist at Chrysler Corp., which recently completed a new engine factory in Detroit and expanded a transmission factory.

"We don't expect sales in North

America to be higher in the next year or two than they already are this year," Mr. Van Busman said.

Like Chrysler, Levi Strauss & Co. worries about oversupply. Even after closing 11 factories in the United States in recent months, the company still has the capacity to manufacture more jeans than it can sell domestically. So it is shifting money out of its capital spending budget and into marketing.

Capital spending at Motorola, the communications and electronics giant, has been curtailed by a worldwide downturn in semiconductor sales and falling prices for these computer chips. The downturn is partly a result of recessions in Asia and partly a result of oversupply in the United States. Whatever the balance of those reasons, Motorola's \$4.5 billion capital spending budget for 1999, year

much of it earmarked for the United States, has been slashed to \$2.9 billion. Nearly half of the cutback involves semiconductor operations.

The incipient pullback in capital spending is developing rapidly.

After having shot up at an annual rate of 16 percent from January through June, the growth rate for capital outlays will probably shrivel to 5 percent or 6 percent in the second half, some forecasters say. That would subtract at least one-quarter of a percentage point from the growth rate for the economy.

Even without the cut in capital spending, economic growth is likely to be under 2 percent, as it was in the second quarter. During that quarter, falling exports and excessive stockpiles of unsold goods led to a slowdown and forced a variety of cutbacks in production.

The plan gives Internet organizations and businesses a big voice on the corporation's board, but also calls for nearly half the members to be from the broader Internet community.

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SPEND: Slowdown Starts to Pinch U.S. Capital Investment

Continued from Page 11

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U.S. STOCK MARKET DIARY

Indexes:

Most Actives

Sept. 18, 1998

High Low Last Chg. Clos. % Chg.

Dow Jones

High Low Last Chg. Clos. % Chg.

Standard & Poor's

High Low Last Chg. Clos. % Chg.

Nasdaq

High Low Last Chg. Clos. % Chg.

AMEX

High Low Last Chg. Clos. % Chg.

Bonds

High Low Last Chg. Clos. % Chg.

Utilities

High Low Last Chg. Clos. % Chg.

Futures

High Low Last Chg. Clos. % Chg.

Options

High Low Last Chg. Clos. % Chg.

Market Sales

High Low Last Chg. Clos. % Chg.

EUROPE

Shareholders Cast Votes on DaimlerChrysler

Compiled by Our Staff From Dispatches

STUTTGART — Chrysler Corp.'s shareholders quickly approved a \$39.6 billion acquisition by Daimler-Benz AG on Friday, but Daimler shareholders were still deliberating after more than 10 hours, a sign of the vast cultural gap separating the two.

The meetings foreshadow the challenges for the new company as Daimler, Europe's biggest manufacturer, tries to blend its cautious bureaucracy with Chrysler's fast-moving style. The combined company has great potential if it can meld Daimler's top-notch technology and Chrysler's low-cost manufacturing methods over a global sales base, analysts said.

The Daimler-Chrysler deal is the biggest in a wave of mergers and acquisitions sweeping the automot-

ive industry as companies seek cost savings and marketing muscle amid increased global competition.

"If Daimler-Benz doesn't do it, someone else will," said Andreas Hildebrandt, a Daimler shareholder from Stuttgart, who supports the proposal and said he would trade in his Daimler shares for stock in the proposed Daimler-Chrysler AG.

The Daimler meeting in Stuttgart, which started at 10 A.M., drew 13,400 shareholders and lasted well into Friday evening.

Daimler's biggest investors, Deutsche Bank AG and the state of Kuwait, which together hold about 34 percent, back the plan. But many shareholders expressed concern that Daimler would become too "Americanized," with too much emphasis on profit, dividends and executive pay.

Chrysler's meeting in Wilming-

ton, Delaware, drew only 139 shareholders and ended in about two hours with shareholders representing 73 percent of Chrysler's outstanding shares voting to approve the transaction. Most big shareholders had long since voted by proxy.

This is different because it is not a desperate attempt by two weak companies to survive by leaning on each other," Chrysler Chairman Robert Eaton said. "This is not a merger to rationalize costs. It's a merger to produce growth. We aren't destroying redundancies. We're creating opportunities."

Daimler-Chrysler would be, as Chrysler now is, the world's fifth-largest car company. It would have annual production of 4 million cars and trucks, including such strong brands as Mercedes cars and Jeep sport-utility vehicles. The com-

Lower Costs Help Profit Rise at Nestle

Compiled by Our Staff From Dispatches

ZURICH — Nestle SA said Friday that its first-half net profit rose 7.4 percent as lower commodity prices and cost-cutting more than offset higher spending on marketing.

Nestle, the world's biggest food company, earned 2.03 billion Swiss francs (\$14.5 billion) in the six months to June 30, up from 1.89 billion francs a year earlier. Sales rose 3.6 percent, to 35.32 billion francs.

European food-company earnings are rising amid the continent's fastest growth in a decade, blunting sluggish sales in Asia and Brazil. Nestle has streamlined its production and product range to cut costs while taking advantage of lower prices for cocoa and coffee.

"They've had problems in crisis countries," Anne Alexandre, an analyst at Credit Suisse First Boston, said, "but this is more compensated for by the strength in Europe. Investors are reassured."

Nestle shares rose 54 francs to close at 2,650. The company forecast further gains for the year and said it remained confident about its long-term outlook.

Nestle, based in Vevey, Switzerland, sells more than 2,000 products including Taster's Choice coffee, Perrier and Poland Spring bottled water, Stouffer's prepared foods and Carnation milk products.

The company buys as much as 12 percent of the world's production of cocoa and coffee. Cocoa prices have fallen 16 percent in the past year as economic turmoil in Russia has added to concern about sliding demand, and robusta coffee prices have fallen 25 percent. That more than offset an 8 percent increase in Nestle's first-half marketing costs.

Separately, Nestle said it would appoint Rainer Gut as nonexecutive chairman in 2000, succeeding Helmut Maucher, who is retiring.

Mr. Gut has been a Nestle director since 1981. He will leave his post as chairman of Credit Suisse Group. Credit Suisse Group said Lukas Muehlemann would be appointed chairman in addition to his current position as chief executive.

(Bridge News, Reuters, Bloomberg)

Investor's Europe

	Frankfurt DAX	London FTSE 100 Index	Paris CAC-40
6/10	5,800	6,000	4,400
5/20	5,500	5,750	4,200
4/20	5,200	5,500	4,000
3/20	5,000	5,250	3,800
2/20	4,800	5,000	3,600
1/20	4,600	4,800	3,400
12/98	4,500	4,700	3,300
11/98	4,400	4,600	3,200
10/98	4,300	4,500	3,100
9/98	4,200	4,400	3,000
8/98	4,100	4,300	2,900
7/98	4,000	4,200	2,800
6/98	3,900	4,100	2,700
5/98	3,800	4,000	2,600
4/98	3,700	3,900	2,500
3/98	3,600	3,800	2,400
2/98	3,500	3,700	2,300
1/98	3,400	3,600	2,200
12/97	3,300	3,500	2,100
11/97	3,200	3,400	2,000
10/97	3,100	3,300	1,900
9/97	3,000	3,200	1,800
8/97	2,900	3,100	1,700
7/97	2,800	3,000	1,600
6/97	2,700	2,900	1,500
5/97	2,600	2,800	1,400
4/97	2,500	2,700	1,300
3/97	2,400	2,600	1,200
2/97	2,300	2,500	1,100
1/97	2,200	2,400	1,000
12/96	2,100	2,300	900
11/96	2,000	2,200	800
10/96	1,900	2,100	700
9/96	1,800	2,000	600
8/96	1,700	1,900	500
7/96	1,600	1,800	400
6/96	1,500	1,700	300
5/96	1,400	1,600	200
4/96	1,300	1,500	100
3/96	1,200	1,400	100
2/96	1,100	1,300	100
1/96	1,000	1,200	100
12/95	900	1,100	100
11/95	800	1,000	100
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8/95	500	700	100
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11/88	100	200	100
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8/88	100	200	100
7/88	100	200	100
6/88	100	200	100
5/88	100	200	100
4/88	100	200	100
3/88	100	200	100
2/88	100	200	100
1/88	100	200	100
12/87	100	200	100
11/87	100	200	100
10/87	100	200	100
9/87	100	200	100
8/87	100	200	100</td

MONEY

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SPORTS

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The Low-Debt Remedy for Deflationary Ills

By Sharon Reier

IF SWISS BANKERS have shown a knack for amassing the cash of the world's wealthy, Swiss corporations would seem to be following suit.

A cursory survey of Swiss firms turns up at least five companies that have accumulated net cash hoards: Novartis AG, the pharmaceutical maker; the Swedish-Swiss conglomerate ABB Asea Brown Boveri Ltd.; Schindler Holding AG, the elevator concern; Saurer AG, a manufacturer of textile machinery, and the watch manufacturer Societe Suisse Microelectronique & d'Horlogerie SA, known as Swatch Group.

Although long known for their practice of maintaining huge "hidden reserves" to compensate for lean times, Swiss corporations no longer keep their cash positions a secret. Beat Alpiger, pharmaceuticals analyst at Bank Julius Baer in Zurich, said that as they jockey to raise capital on the world's stock markets, "it is now more common for most globally active Swiss companies to use international accounting rules."

"Hidden reserves date back to 10 years ago, when they still adopted Swiss rules," he added.

The rules may have changed, but the habits have not.

Novartis has a net cash position of \$5.7 billion in its coffers: \$14.2 billion in cash and marketable securities, \$5.7 billion in long-term debt and \$2.6 billion in debt due within the year.

Since Novartis is a result of a friendly stock-for-stock merger between Ciba-Geigy AG and Sandoz AG, the conglomerate did not put debt on its balance sheet, and the enlarged concern has been restrained at a time when other pharmaceutical companies have been in an acquisition frenzy. Although managers reportedly have told analysts that they have their eyes open for opportunistic acquisitions in the fragmented pharmaceuticals industry, as recently as two or three months ago they regarded prices as too high.

Prices for drug stocks remain high, despite the recent plunge in European shares. The Swiss market took a beating in the past month or so, down about 20 percent after a three-year run-up, and Novartis stock is down 2 percent for the year. But on the whole, drug stocks remain strong because investors regard them as defensive plays in difficult times.

Novartis's best-selling products include a rheumatism drug called Bosentan and Neoral, which prevents rejection of organ transplants. It also has an agricultural and a consumer-health division, which sells nonprescription drugs

Changing Times May Mean No More Secrets In Swiss Firms, but Cash Reserves Still Abound

and nutritional supplements.

Schindler, which installs elevators and escalators, has a net cash position of \$357 million — including a gross cash position of \$930 million and debt of \$571 million.

Elevator companies enjoy strong cash flow because once their devices are installed, there is a long residual profit stream in maintaining them, said Cyril Moser, an analyst who follows Swiss manufacturers at Merrill Lynch International in London.

Mr. Moser noted that the whole market cap of Schindler was \$1.57 billion, so that it would take a modest \$1.2 billion to take it over.

"If you take the company over, you would get the cash as well," he said.

Since it draws predators, cash can be a double-edged sword. But Swiss companies have ways to minimize that danger. Many, including Schindler, Novartis, ABB and Swatch, have both registered and bearer shares. Registered shares have restrictions on their voting rights; bearer shares do not.

Since the Schindler family owns most of the firm's registered voting shares, the possibility of a hostile takeover is virtually nil.

Mr. Moser also noted that Schindler's competitors, like Otis or Finland's Kone, "couldn't take them over because of antitrust reasons."

That largely restricts the field of possible suitors to the kind of financial companies that specialize in takeovers. But for them, the limited voting rights available make a hostile deal problematic.

One cash-rich Swiss concern that does not have two classes of shares to protect it is Saurer. According to Mr. Moser, the company's 250 million Swiss franc net cash position is "a very comfortable situation right now, despite the fact they are in a very difficult industry."

Although Asia accounts for much of the market for textile machinery, Mr. Moser reckoned that the region's financial crisis was not hurting the company badly.

"They say 'Asia' in Asia," he acknowledged. "But not in Southeast Asia; it is mostly in India and China."

So far, those countries have been relatively insulated from Asia's downturn.

The Asian crisis may have more of an impact at ABB, which has a strong power plant business in Asia. But ABB has a \$1.6 billion net cash position on its books. It has strong free cash flow and received

more than \$500 million when it put its locomotive division into a joint venture with that of Daimler-Benz AG in 1996.

Roger Birrer, industrial analyst with Bank Julius Baer, predicted that ABB eventually would make an acquisition that bolstered its core power businesses.

"It is a question of time," he said.

"In the past few months, M&A prices

were quite high. Now they are more

realistic, and companies will reinvest in

operating businesses."

But the attraction of investing in stocks is waning, he added, as companies start to wonder whether returns on financial assets will be as good as they have been in recent years. Another alternative to using a corporate cash hoard — buying back the company's own shares — is not appealing in Switzerland due to punitive tax consequences, he added.

Mr. Birrer expressed doubt that having nonvoting shares in Switzerland could continue to prevent hostile takeovers.

"A company can do nothing against a hostile takeover unless they have good reasons to stop it," he said.

He added that after the mergers of Ciba and Sandoz and of Union Bank of Switzerland with Swiss Bank Corp., "which people thought could never happen," as long as there are "realistic reasons, people are willing to go for it."

While the Swiss often take the lead in amassing cash, some other European countries have strong candidates.

In France, for instance, Societe Bic SA,

the company that boasts of selling 20 million pens and 4 million lighters each day, reported less than \$10 million in long- and medium-term debt and about \$280 million in cash and investments at the end of 1997. And this despite the acquisition last year of Sheaffer pens — a higher-end brand that had been losing revenues.

After a wobbly period during which Bic attempted unsuccessfully to diversify into perfumes and sailboards, the company's fortunes have turned, and it was accorded a measure of respect when it was placed in the CAC 40 index of blue-chip French stocks in 1997.

Bruno Bich, who took over the leadership of the company from his father, makes no secret of wanting to use the company's cash and more than \$48 million francs (\$62.1 million) a year in free cash flow to make more acquisitions.

"Our treasury and substantial operating cash flow will allow us to seize acquisition opportunities in our areas of key competencies," he said in the company's last annual report.

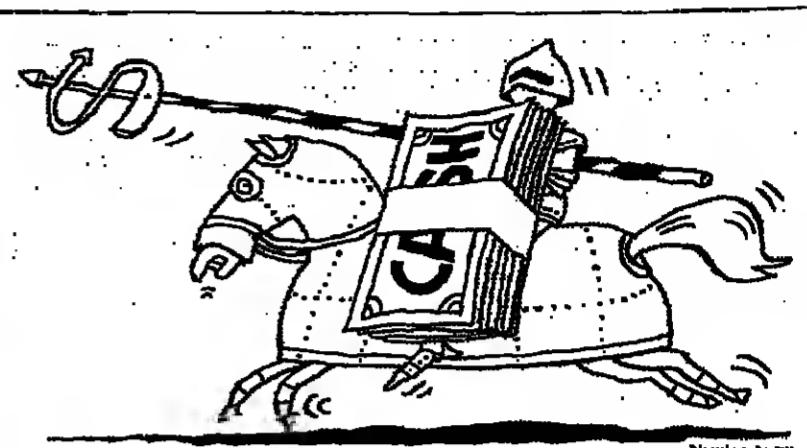
At Natixis Capital, the analyst Florence Francou said Bic's cash pile "is one of their main assets."

"If they find a good acquisition, they have a bundle to do it with," she added. "But at the moment it is not so good to have a bundle of cash because interest rates are going down. People could get tired of holding while they just make these low interest rates. It could be good for the stock if they buy something."

Bic need not hurry. With the Bich family and related entities controlling more than 40 percent of its shares, management appears immune from predators, even though the stock has underperformed the French market this year.

SAP AG, the German answer to Silicon Valley, reported that it had more than \$600 million in cash on its books and only \$2 million in debt when it filed for its listing on the New York Stock Exchange in August. SAP is the market leader in so-called enterprise software, which are programs that run major portions of computers for big companies.

While SAP may have substantial cash, the amount is minuscule compared with its recent \$61 billion market cap. SAP has the third-highest market capitalization in Germany, after Deutsche Telekom and the insurer Allianz AG. When investors pay 83 times estimated earnings for SAP shares, said Stefan Gruber, an investor relations chief, it "is due to high long-term expectations," not cash in the bank.



Low-Debt Companies, Part I

There are not many investors with substantial experience in deflationary environments: The last time deflation was widely felt was during the Great Depression of the 1930s. In the 1970s and 1980s, when inflation was the driving force, the key to success was using other people's money. Going into debt was a smart thing to do; the money you paid back was worth far less than the cash you borrowed several years earlier.

Times have changed. With prices falling in many parts of the world, money gains value over time instead of depreciating. Borrow \$100 when oil costs \$20 a barrel, and you can buy five barrels of oil. If oil has fallen to \$10 over the life of the loan, that \$100 buys 10 barrels. With lenders still charging interest, not only do debtors pay back more valuable dollars than they borrowed, they get to pay for the privilege.

What does this mean for companies and investors? It seems you would be better off investing in those corporations that do not have any debt, and this seems to be true in much of the world, although not the United States. A survey by Money Report correspondents revealed. We present prospects for Europe and Latin America today.

Part II, with the outlooks for Asia and North America, will appear in next week's Money Report.

Debt-Free, Dollar-Rich in Latin America

By Aline Sullivan

STAYING COOL as Latin America beats up should be as simple as waving a fan: stick with the companies that have substantial dollar earnings and little or no dollar debt.

Investing is rarely simple, of course.

For most investors, Latin America remains worrisome, despite President Bill Clinton's pledge this week to back up the region's economies. Columbia and Ecuador recently devalued their currencies and Venezuela is likely to be next. Investors in Brazil, where interest rates have soared as the government battles to preserve the value of the country's currency, the real, following huge capital outflows, are holding their breath.

But in Latin America, public squabbling can mask surprising caches of private splendor. Many companies earn substantial portions of their sales in dollars, and many now have significant cash holdings. Currency devaluations are bad news for the region's economies in general — burdened as most Latin American countries are by huge foreign debts that become more expensive as their home currencies depreciate — but at worst a mixed blessing for its most financially fit companies.

"Brazilian stocks in particular have very low debt," said Stephen Rose, managing director of UBB Capital Markets Ltd. in London, a subsidiary of Union Banco de Brasil. "Companies such as the mineral iron ore exporter Cia Vale do Rio Doce have nothing to lose if the real devalues because it owes very little and makes most of its money in dollars."

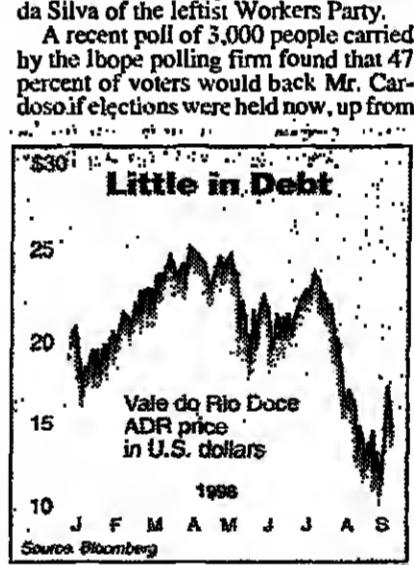
The Brazilian paper company Aracruz Celulose SA similarly has almost all dollar revenue, he said. Mr. Rose said he did not expect Brazil to devalue its currency.

There are other reasons to invest in the region. Some investors are betting that the U.S. Treasury will, in the words of the Salomon Brothers analyst Jim Barrineau, draw a line in the sand at Brazil. After all, Latin America accounts for a fifth of U.S. exports. Brazil alone owes U.S. banks \$27 billion. Like the Mexican crisis in 1995, economic

turmoil in Brazil is hitting just too close to home.

That is why some investors are betting that a U.S.-led rescue package will be in place before Brazil's general election on Oct. 4, boosting the re-election chances of President Fernando Henrique Cardoso. His promise of significant structural fiscal reforms makes him more appealing to most investors than his leading opponent, Luiz Inacio da Silva of the leftist Workers Party.

A recent poll of 3,000 people carried by the Ibope polling firm found that 47 percent of voters would back Mr. Cardoso if elections were held now, up from



44 percent who said they would vote for him in late August.

"The risk of being out of Brazil is up," Mr. Barrineau said. "Investors who couldn't wait to reduce their holdings a week ago should begin to reconsider."

Stocks have been beaten down so long that they are certain to show up if investor perception of risk declines, he said. "Fear can turn to greed in an awful hurry."

Mr. Barrineau recommended buying shares in Brazil's Eletrobras Metropolitana SA, Telecommunications do Parana SA, known as Telepar, and Cia. Energetica de Sao Paulo, Brazil's largest utility. He also cited two Mexican companies, Grupo Financiero Bancomer SA and the retailer Grupo Elektra SA, as good "value picks."

Grupo Elektra announced on Sept. 11 that it had reconsidered its ambitious

expansion plan in light of current global economic conditions. It will now cut capital expenditure plans to \$40 million for next year, down from a planned \$100 million announced just a few months ago, and will open only 85 new stores in Mexico and Central America in 1999, instead of 170.

The company also said it would lay off an unspecified number of personnel, cut executives' salaries by 10 percent and refrain from taking out any new debt.

Other analysts named big Mexican companies such as Telefonos de Mexico SA, the cement maker Cemex SA and Grupo Televisa SA as strong, cash-rich companies able to weather the current turbulent markets.

Indeed, Mexico may prove to be the region's best bet. The currency has taken a beating and domestic interest rates have soared to almost 40 percent, but Mexico is nevertheless in the best shape of the Latin American markets. Its budget deficit of 1.25 percent of gross domestic product compares well with Brazil's 7 percent.

More importantly, its membership in the North American Free Trade Agreement allows the country free access to the U.S. market as its own market loses steam. The companies with little or none of Mexico's \$4.3 billion in corporate foreign currency debt are unquestionably the best placed to exploit this success.

In Argentina and Chile, investors are again testing the waters. But they are concentrating on just the largest, most liquid stocks: YPF SA, the oil company, and Banco Bensusa SA, are the top picks in Argentina, while Cia de Telecomunicaciones de Chile SA, known as CTC, is a favorite in Chile.

Investors are even more cautious in the smaller markets, agreeing perhaps with the pessimism of the J.P. Morgan & Co. analyst Bill Contente.

"It doesn't make a blind bit of difference if some companies are making gold out of water in Latin America," he said. "No one is going to buy their stock now."

Be that as it may for many companies in the region. But those whose coffers are already stocked with gold, or at least cash, the outlook is far more promising.

BRIEFCASE

Buy Luxury Goods, Boost Your Wealth

"High-quality assets at bargain-basement price." It sounds like an advertisement for something you probably shouldn't buy, but in fact, it is.

Merrill Lynch & Co.'s report on Compagnie Financiere Richemont AG, and the brokerage house, is definitely bullish.

The Switzerland-based Richemont was formed in 1988, when Rembrandt Group of South Africa spun off its international operations. A further reorganization in July 1993 put it in control of Rothmans International PLC, the fourth-largest tobacco company in the world, and Richemont Luxembourg Group, which owns such brands as Cartier, Dunhill, Mont Blanc, Piaget, Karl Lagerfeld, Salka and Chloe.

Assume you buy a conventional bond yielding 5 percent and inflation jumps sharply next year. Newly issued bonds will be yielding 6 percent, so, in order to sell your old bond, which pays one percentage point less, you will have to offer buyers a discount. Instead of receiving \$1,000, you might get only \$990.

With an inflation-indexed bond, this scenario is extremely unlikely. Unless investors demand a sharply higher real rate, the price should not change much from the original \$1,000. Even if you plan to hold your conventional bond to maturity, inflation can be a killer. Imagine buying a 30-year bond today that yields 5.16 and finding inflation at 7 percent in a few years.

Washington Post Service

It changed hands at 1,620, a gain of about 15 percent during a period when the Swiss Market Index nearly quadrupled.

The sum of those parts, the Merrill analysts Jonathan Fell and Edouard de Boisgelin said this week, is worth 2,656 francs per class A unit, which twins a low-voting A bearer share with a participation certificate. The B units, which represent just over 9 percent of the equity, have half the votes. The Rupert family owns the B units.

Rothmans takes 20 percent off its valuation to account for the discount borne by holding companies to get a 2,125 franc 12-month price target, an increase of about 34 percent from the current level.

What does Merrill see in Richemont? For one thing, it is predicting earnings growth of 13 percent a year in the coming five years, after a possible near-term disruption from the global financial crisis, and the analysts said "the company appears to be becoming more shareholder friendly and increasingly transparent."

Merrill sees a change in the composition of the company's earnings. Right now, tobacco accounts for about 68 percent of sales and 77 percent of profit, while luxury goods make up the rest.

Rothmans, however, is projected to show profit growth of 6.5 percent in the coming five years.

One attractive facet of the company, in which Rembrandt directly holds a 33 percent stake, is that it "has almost no exposure to U.S. litigation" against its operations, which include the Rothmans, Dunhill and Peter Stuyvesant brands.

Vendome's luxury goods are high-end, so it is less susceptible to the problems in Asia than competitors who cater to the merely affluent, the Merrill analysts said.

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Herald Tribune
INTERNATIONAL
SPORTS

SATURDAY-SUNDAY, SEPTEMBER 19-20, 1998

WORLD ROUNDUP**Woosnam Leads**

GOLF Ian Woosnam edged toward his first European Tour victory of 1998 on Friday, firing a 4-under-par 67 to take a two-shot lead in the second round of the Lancome Trophy in Saint-Nom-la-Bretèche, France.

Beginning the day at 3-under par, the Welshman shot six birdies and two bogeys to end the round at 7-under 135. Vision to the par-71 course west of Paris also saw a fine round of 68 carded by a Spanish amateur, Sergio García.

The defending champion, Mark O'Meara of the United States, stormed back with four successive birdies after a double bogey on the 4th to end the day at 5-under 137. Also at 5-under was Colin Montgomerie of Scotland. (AP)

Russian Takes 13th Stage

CYCLING Andrei Zimchenko of Russia gave the Vitalicio Seguros team their first victory of this year's Tour de Spain on Friday, taking the 13th leg after riding alone for nearly 90 kilometers (55 miles).

Abraham Olano of Banesto remained the overall leader, with Laurent Jalabert of France and the ONCE-Deutsche Bank team in second place. Fernando Escartín of Spain and the Kelme Costa-Blanca team, was in third place.

Zimchenko took 5 hours 7 minutes 12 seconds to cover the 208-kilometer trek that began and ended in the northern town of Sabiñanigo. Second place in the stage went to Lluís Díercexxen of Lorrot-Mobistar. Unai Etxebarria of Euskaltel-Euskadi was third. (AP)

U.S. Ahead in Solheim

GOLF Juli Inkster nearly aced the 16th hole, and Dottie Pepper followed by tapping in a short birdie putt to give the United States off to a 3-1 lead over Europe after Friday's morning matches at the Solheim Cup in Dublin, Ohio.

Pepper and Inkster led by four holes at the turn, but the European team of Laura Davies and Trish Johnson narrowed the deficit to one with a birdie at the 15th. (AP)

Benefit for Beaten Officer

SOCCER Former international soccer stars from France and Germany are set to face off on Sunday in Kehl am Rhein, in southern Germany, in a benefit game for a French policeman who is still recovering from being beaten unconscious by hooligans during the World Cup. Five German soccer fans remain in custody — one in France and four in Germany — on charges of attacking Daniel Nivel with an iron bar on June 21 after a match between Germany and Yugoslavia in Lens, France. (AP)

Dolphins Set to Give Steelers Runaround

Lions Rookie Faces Big Test Against VikingsBy Mike Freeman
New York Times Service

Steelers (2-0) at Dolphins (2-0) This will be an intriguing matchup Sunday because it pairs two of the best coaches — Miami's Jimmy Johnson and Pittsburgh's Bill Cowher — in football. The consumption of coffee has shot up in both cities all this week as coaches stay up all night trying to figure out how to stop two superstar quarterbacks in Dan Marino and Kordell Stewart. That is key, but the edge in this game goes to the Dolphins because they're at home and they have the better running game. Karim Abdul-Jabbar has 183 yards rushing on 41 carries. Prediction: Dolphins, 21-17.

Lions (0-2) at Vikings (0-0) That knocking sound you hear are the knees of Detroit's rookie quarterback, Charlie Batch, who will get the start over the beleaguered veteran, Scott Mitchell. Last week Mitchell threw two killer interceptions that basically lost the game for the Lions. Afterward, teammates ripped into Mitchell and that forced Ross to make the change. But a rookie against a great Vikings pass rush? This could be ugly. Vikings, 24-14.

Packers (0-0) at Bengals (1-1) If the Packers are going to have a letdown, this will be the week. Green Bay can't play much better than it has the first two games: the Packers are the only NFC team not to throw an interception. Brett Favre throwing the ball as well as he does has Reggie White last week came back from the dead to have three sacks. This game will be scary for the Pack, though, because Neil O'Donnell, the Bengals quarterback, plays well in situations when there is little pressure on him. It will be close but Favre will be the difference. Packers, 21-17.

Colts (0-2) at Jets (0-2) The Jets' quarterback, Glenn Foley, is listed as questionable with a rib injury which means his delicate body is tearing its ugly head again. Meanwhile, the key to this game will be the Jets' defense, which will confuse the Colts' rookie quarterback, Peyton Manning so much he won't know what hit him. Jets, 27-6.

Rams (0-2) at Bills (0-2) After his players nearly mutinied last week because practices have been brutal and long, the Rams' coach, Dick Vermeil, relented and agreed to shorten them. The Rams will probably play hard because they want to prove that easier practices make for fresher legs in Rams, 17-0.

Chargers (2-0) at Chiefs (1-1) When Troy Aikman went down last week with a broken collarbone, the Cowboys' season went with him. Talk all you want about how Jason Garrett is a solid backup, but he has no chance against a Giants defense that loves to play the Cowboys and will be pumped on Monday night. The Giants have won seven straight divisional games at home. Giants, 21-14.

week so look for him to get at least two sacks. Chiefs, 35-17.

Oilers (1-1) at Patriots (1-1) The Oilers just aren't talented enough to beat the Patriots at home, where New England has won 13 of the last 17 games. Quarterback Drew Bledsoe is having a solid season, going 35 of 61 for 507 yards. He looks comfortable and his throws are sharp and accurate. Moreover, Robert Edwards gives the team a consistent running game. Patriots, 30-10.

Ravens (1-1) at Jaguars (2-0) Baltimore is for real this season. But just how good the Ravens will be depends on what happens in Jacksonville this week. If the Ravens can win, they'll look like a playoff team. A loss doesn't mean they will not make postseason play but they need to beat Jacksonville to get a jump start. These games have always been close — all four meetings have been decided by three points or less. Because the Baltimore quarterback, Eric Zeier, is good in the fourth quarter, the Ravens will get the upset of the week. Ravens, 24-21.

Buccaneers (0-0) at Buccaneers (0-2) Tampa Bay finally comes home to its new, 65,000-seat Raymond James Stadium. So far, the Bucs have been the most disappointing team in the league. They start their rebound with a hard working but bad-luck Bear team. Chicago will play hard all year but because of poor drafting they lack talent and depth. Unless Tampa Bay completely falls apart, they will win big. Buccaneers, 19-3.

Broncos (2-0) at Raiders (1-1) Watch closely the health of John Elway, Denver's superstar quarterback, who is playing with a sore hamstring. Those injuries often take up to a month to heal and it could act up at any point during the game. If he stays healthy, Denver wins a close one. Broncos, 24-17.

Redskins (0-2) at Panthers (2-1) The Redskins are in disarray and the Panthers are playing like the team many thought they would be last year. They seek their first 3-0 start since 1986. Running back Ricky Watters has 105 yards rushing, wide receiver Joey Galloway has 13 touchdown catches in past 11 games and Seattle's defense has 7 takeaways, tops in the league. Seahawks, 35-10.

Cardinals (0-2) at Cardinals (0-2) Ugly. Whichever quarterback makes the fewest mistakes will win. That will probably be Jake Plummer for Arizona. He has thrown nine touchdowns and just four interceptions in his last three games at Sun Devil Stadium. Cardinals, 14-13.

Cowboys (1-1) at Giants (1-1) When Troy Aikman went down last week with a broken collarbone, the Cowboys' season went with him. Talk all you want about how Jason Garrett is a solid backup, but he has no chance against a Giants defense that loves to play the Cowboys and will be pumped on Monday night. The Giants have won seven straight divisional games at home. Giants, 21-14.

Chiefs (0-2) at Chargers (1-1) When Neil O'Donnell (10), Eddie George (11) and Priest Holmes (10) are healthy, the Chiefs are a solid backup, but he has no chance against a Giants defense that loves to play the Cowboys and will be pumped on Monday night. The Giants have won seven straight divisional games at home. Chiefs, 21-14.

Giants (1-1) at Browns (1-1) In the American League



Second baseman Todd Walker of the Twins diving unsuccessfully for a grounder by Joey Cora of the Indians.

3 Long Flyouts as Close as Sosa Gets

Compiled by Our Staff From Dispatches

SAN DIEGO — Millimeters. That's how close Sammy Sosa came to taking sole possession of the major league home run lead, which he shares now with Mark McGwire.

Sosa, one night removed from driving in six runs and hitting his 63rd home run, failed to connect Thursday afternoon, going 0-4 with an eighth-inning walk. By the slightest of margins, he got his bat just under pitches to hit long flyouts three times — instead of homering. He also grounded out.

BASEBALL ROUNDUP

Instead, it was a home run by his mate Gary Gaetti leading off the 10th inning that gave the Chicago Cubs a 4-3 victory at Qualcomm Stadium. Gaetti's 18th home run, off the Padres' relief ace, Trevor Hoffman, put the Cubs' fifth home run of the series; in which each of the four games was decided by a late-inning homer.

The victory extended the Cubs' lead in the National League wild-card race to a game over the idle Mets.

Braves 1, Diamondbacks 0 In Phoenix, Denny Neagle allowed only four hits in six innings to improve to 15-1, making Atlanta the first major league team with five 15-game winners since the 1930 Washington Senators.

Toronto 2, Rockies 1 Toronto tops the Braves with a 19-6 record. Greg Maddux is 17-8. John Smoltz is 16-3 and Kevin Millwood is 16-8.

In the American League: Mariners 5, Athletics 0 Ken Griffey Jr.

hit his 53rd homer, a three-run shot in the first inning, and Jamie Moyer pitched a four-hitter as the Mariners beat the Athletics in Oakland.

Griffey's homer, his 11th in the last 23 games, was a drive into the right-field stands that came after Carlos Guillen and Alex Rodriguez began the game with singles off Tom Candiotti (11-16).

Indians 3, Twins 1 In Cleveland, Manny Ramirez hit his 43rd homer to tie the major league record with six in three games.

He hit three homers Tuesday and two Wednesday before becoming the seventh player and third American Leaguer to hit six in three games.

His two-run blast in the fourth off Eric Milton (7-13) gave him six homers in the facing of the second deck in right field. He has 24 homers.

Royals 3, White Sox 4 In Detroit, Damion Easley hit a three-run homer in the Tigers' four-run ninth inning, stalling Toronto's wild-card drive.

Easley, who also hit a homer in the second, drove Robert Person's pitch off the facing of the second deck in right field. He has 24 homers.

Rangers 7, Angels 6 Jose Offerman drove in two runs, stole three bases and hit his major league-leading 13th triple as visiting Kansas City overcame Albert Belle's 47th home run to beat Chicago.

Rangers 7, Angels 6 Tom Goodwin doubled in pinch-runner Milt Cuyler in the eighth inning, completing Texas's 7-6 comeback victory over visiting Anaheim to put the Rangers atop the American League West standings for the first time since Aug. 13.

The Angels, who had led the division since Aug. 14 and were up by four games on Aug. 26, finished their road trip 1-6. Both teams have 10 games remaining.

John Wetteland capped a game-saving performance by the Texas bullpen by getting the final three outs for his club-record 41st save. Tim Cribtree (6-11) pitched four hitless innings to pick up the victory. (NYT/AP)

Tyson Not Hoping

By Tim L. Smith

LAS VEGAS

Tyson is not a man who is willing to take a few risks, especially when it comes to his career. He is a professional boxer, and he wants to make sure that he is doing everything he can to succeed.

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SPORTS

A General to High School Soldiers

International Herald Tribune

LAKE OSWEGO, Oregon — He pulled himself out of bed at 1 A.M. and put on his clothes. Then Mike Coulson woke up his wife and asked her to drive him to the hospital.

"She said, 'What are you talking about?'" he says. "It's funny, but it took me awhile to convince her that something was wrong."

At the hospital, stretched across a padded table, he looked up and saw the readings of his heart going haywire. "The doctor told my wife, 'Your husband is one of the luckiest persons I've ever been around — he's having his heart attack right now at the hospital instead of having it at home,'" Coulson says.

He celebrated his 46th birthday just a few hours before suffering the heart attack. Within three days he was undergoing surgery on a blocked artery. After five days in the hospital, he went to football practice. Coulson is a high school football coach.

High school football is one of America's larger causes. By Coulson's figuring, there are about 280 high school football teams in Oregon, a state of only 2 million people. Each team is an outfit of teenage soldiers, representing their school each weekend of fall against neighboring districts and towns. Some towns cheer for their team more seriously than others.

Lake Oswego, a suburb of Portland, is probably the richest town in Oregon. Many players of the NBA's Portland Trail Blazers live in the town. The football team at Lakeridge High School won the state championship in 1987, a year before Mike Coulson arrived as the new head football coach. He has won 68 of the

In America/IAN THOMSEN

100 games he has coached at Lakeridge, but he has not won the state title.

"Most of the kids at this school expect to go to college," Coulson says. "With that expectation comes a work ethic and a willingness to get the job done."

Success is created by — and achieved in spite of — local pressures. In 1994, after Lakeridge lost the opening game of the season, a minority of highly motivated parents campaigned to run Coulson out of his job. In fact, his team didn't lose another game that season until the semifinals of the state championship, when Lakeridge was beaten in the fifth period of overtime.

When Coulson rushed back to work in August 1997, a few days after his heart attack, he was pushed not by the ambitions of his community but by ambitions and loyalties of his own, fueled by the warlike mythology of American football.

As their general, in a way, he expected him to set an example for his young soldiers. How could he ask his players to keep fighting despite pain and injury if he was unwilling to do so himself?

His wife and three daughters held a different point of view. The cause of winning a football game is artificial, they argued, compared to the risk of losing a husband and a father.

"That was a tough one for me to separate," Coulson admits. "The most important things in my life are my wife and family. But I played football for 12 years and had been coaching it for 24 years, and it was a huge part of my life, a huge part of the success of my life. It

was hard for me to separate the one from the other."

He and his wife, Diane, reached a compromise. He will coach this season and next, and then he will retire from football at the age of 48. Meanwhile, he is doing everything he can do to remain calm in a sport that tends to get carried away with itself, even in high school.

Never once from his self-imposed distance will he criticize the way he used to behave — like one of those coaches on American television, hollering both complaints and congratulations as if shouting to be heard over the mortars and the gunfire. All the same, his primary goal now is to keep the stress in perspective, to not let it get the best of him or his team.

"I'm on medication, a calming medication, and it's made a difference," he says. "I'm kind of at a philosophical point now. I tell the players, 'For you on Friday night at 7 o'clock, football should be the most important thing. But at 10 o'clock it shouldn't be. On Sundays it shouldn't be. It needs to be extremely important to you while it's going on, but at other times other things should be more important.'

He is slim with thick brown hair and a bushy mustache, an easy laugh and a tan left over from the summer. If you didn't know about his heart attack, you would say that Mike Coulson is one of the healthiest looking people you ever met.

Ian Thomsen is a senior writer for Sports Illustrated magazine.



Iwan Thomas of Wales, right, edging out Mark Richardson of England, second from left, to win the Commonwealth Games 400-meter gold medal. Sangath Thilakarathne of Sri Lanka, third from right, took bronze.

Thomas Dashes to Gold and Record

The Associated Press

KUALA LUMPUR — Iwan Thomas left his Welsh teammate, Jamie Banlich, trailing in fourth and charged to the Commonwealth Games 400-meter gold medal in a Games record time Friday to add the title to last month's European Championship triumph.

The tall Welshman turned on the power with 80 meters to go to take the title in 44.52 seconds.

England's Mark Richardson took the silver in 44.60 and Sangath Thilakarathne of Sri Lanka caught the fading Banlich to take the bronze in 44.64. Thomas' time bettered the 44.60 of Australia's Darren Clark, set eight years ago at Auckland, and his latest triumph came a week after he also won the 400-meter title at the World Cup in Johannesburg.

Baulch flopped onto the track after his loss and was later helped up by his Welsh teammate.

In other events Friday, the defending champion in the women's shot put, Judy Oakes, gained a medal for the sixth Commonwealth Games in a row, winning her third gold. The 40-year-old English athlete beamed 18.83 meters with her first throw to virtually put herself out of reach of the other seven competitors.

Second-place Myrtle Angee made it an English 1-2 but was 1.67 meters short of Oakes' lead. South Africa's Johanna Abrahamse captured the bronze with a best of 16.52.

For Oakes, Friday's triumph made it three golds, two silvers and a bronze since she made her Games debut at Edmonton in 1978. She won a bronze there, gold in Brisbane in '82, silver at Ed-

inburgh in '86 and Auckland '90 and gold at Victoria, British Columbia, four years ago. She is the only track and field athlete to win a medal at six Games in a row.

In the women's 400 meters, Sandie Richards of Jamaica finally collected a gold. She was a bronze medalist in the event four years ago and world champion runner-up in 1997. She set a Games record of 50.17 seconds to run clear of Scotland's Alison Curbishley, 50.71, and England's Donna Fraser at

COMMONWEALTH GAMES

51.01. In the men's decathlon, two-time defending champion Mike Smith of Canada was beaten by two Australians.

Jagan Hames totaled 8,490 points to beat his countryman Scott Ferrier by 183 points. Smith, who was well behind throughout the 10 disciplines, scored 8,143, well short of his best of 8,626.

Hames' triumph meant that Australia, which has dominated the Games with 59 golds, had the most in the track stadium with five. England has four.

Onichie Achike gained another gold for England with a games record in the triple jump while Smart Rendell captured Australia's third hammer title in a row, and Andre Blackett of Barbados also set a games mark to win the women's 400-meter hurdles.

With the triple-jump world record holder Jonathan Edwards not at the Games because of a foot operation, Achike and Julian Golley were England's big hopes.

Achike opened with a leap of 16.98 to take the lead and came up with his record 17.10 in round four. His four

other attempts were no jumps. Andrew Owusu of Ghana collected silver with 17.03, Remmy Limo gained the bronze with 16.89 and Golley, who was favored to win in Edwards' absence, failed to medal in fourth with 16.83.

In the women's 400-meter hurdles, Blackett clocked 53.91 seconds, pulling away from England's Gowry Rerachakan-Hodge, who clocked 55.25, and Karlene Houghton of Canada, who had 55.53. Blackett's time beat the 54.51 run by former Olympic champion Sally Gunnell at Victoria four years ago.

Rendell threw 74.71 meters to capture Australia's second hammer gold following Debbie Sosimenko's victory in the women's event.

England's Michael Jones placed second with 74.02 and South Africa's Chris Harmse took the bronze with a best heave of 72.83. Rendell, who succeeds two-time winner Sean Carlin, had the best three throws of the final.

■ Boxer Makes Final Again

Defending champion Mark Simmons of Canada recovered from two 8-counts in the first round and a 10-6 deficit in the third to defeat Kevin Evans of Wales in a heavyweight semifinal at the Games.

Five other Canadians, including four defending champs, also moved to the finals while Australia suffered its worst day at the ring: all four boxers lost.

Simmons, a physical sciences student at York University, Toronto, said he was aware he was behind Evans but did not know by how much. Simmons, 24, will fight the final with Roland Raftone of Seychelles who beat Garth Da Silva of New Zealand in the other semifinal.

Tyson Not Hopeful of Reinstatement

By Timothy W. Smith
New York Times Service

LAS VEGAS — Like a politician who is trailing in a campaign a few days before an election, Mike Tyson made a public appearance at a luncheon to honor Governor Robert Miller of Nevada and Elias Ghanem, the chairman of the Nevada State Athletic Commission, at Caesars Palace.

Tyson will appear before the commission Saturday in a public hearing on his application for the reinstatement of his boxing license. All commission members except one was at the luncheon Thursday. But while Tyson shook hands with the commissioners and signed autographs for fans, he was not optimistic about his chances of regaining his license.

"I'm not very encouraged," Tyson said when asked whether he thought he would be reinstated.

Tyson refused to discuss the matter in depth. Two commissioners, James Nave and Glen Carano, also refused to discuss the details. Nave said he "never gave it a thought" that Tyson was at the luncheon.

But Nave said he would question Tyson extensively about an incident in Gaithersburg, Maryland, on Aug. 31 in which two men said Tyson assaulted them after a minor traffic accident.

Tyson has been charged with two counts of misdemeanor assault. Nave said the commission hearing would be lengthy.

Tyson's license was revoked July 9, 1997, after he bit Evander Holyfield on both ears during a heavyweight

championship fight in Las Vegas on June 29, 1997.

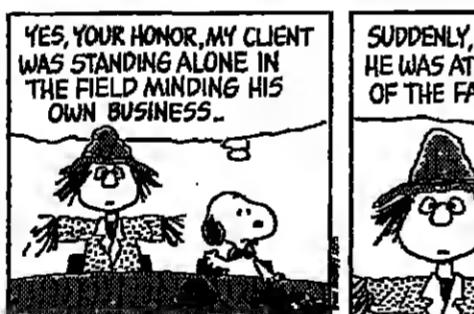
Stelly Finkel, Tyson's adviser, said Tyson had not assaulted the two men, reported to be aged 50 and 62, after the Maryland accident. Finkel also said the misdemeanor charges should have no bearing on the former heavyweight champion's chances of getting his license back.

Finkel said Tyson would not use as many character witnesses as he did for a hearing in New Jersey, where he first sought reinstatement before withdrawing his application. Finkel said Tyson was having financial difficulties because he had not been able to fight in a year.

The Internal Revenue Service has placed a \$6.3 million lien on Tyson's 61-room mansion in Connecticut.

DENNIS THE MENACE

PEANUTS



CALVIN AND HOBBES

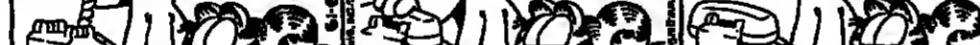


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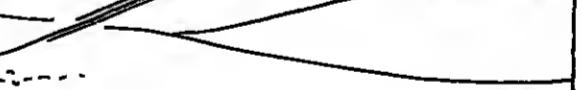
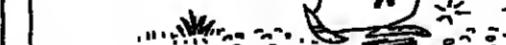


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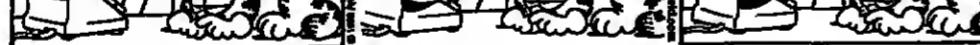


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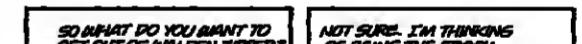
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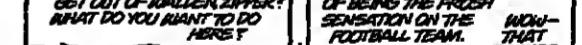
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THE INTERNATIONAL CHURCH OF PANCAKES



NECTED

ELMO



ANSWER: A

ELMO



ANSWER: B

ELMO



ANSWER: C

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ANSWER: D

ELMO



ANSWER: E

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